

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE ATTORNEY GENERAL**



In the Matter of:  
**3504 13th Street NW**

**ASSURANCE OF VOLUNTARY  
COMPLIANCE**

**ASSURANCE OF VOLUNTARY COMPLIANCE**

This Assurance of Voluntary Compliance (“Assurance”) is entered into between the Office of Consumer Protection of the Office of the Attorney General for the District of Columbia (the “Office of Consumer Protection”) and Jaroslav Mika (a/k/a Jarek Mika) and 3504 13th Street LLC (collectively, “Respondents”). The Office of Consumer Protection and Respondents agree as follows:

**I. THE PARTIES**

1. The Office of Consumer Protection is authorized to bring legal actions seeking injunctive relief, consumer restitution, civil penalties, costs, and attorneys’ fees for violations of the District of Columbia’s consumer protection laws, including the Consumer Protection Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.*

2. Jarek Mika has been the sole owner and managing member of 3504 13th Street LLC since February 2016. Before February 2016, Respondent Mika was a minority member of 3504 13th Street LLC. Since February 2016, Respondent Mika has had the ability to control the transient residential accommodations business of 3504 13th Street LLC. Before February 2016, Respondent Mika had the ability to control some of the transient residential accommodations

business of 3504 13th Street LLC. Since acquiring ownership interest in 2016, Respondent Mika has been responsible for developing and implementing 3504 13th Street LLC's transient residential accommodations business.

3. Respondent 3504 13th Street LLC is a District of Columbia limited liability company that, at all relevant times, has owned the apartment building at 3504 13th Street NW, Washington, D.C., 20010 (the "Property"). Since at least 2009, 3504 13th Street LLC has been engaged in the business of offering transient residential accommodations in D.C. to consumers at the Property.

## **II. DEFINITIONS**

4. "Property" means the residential apartment building located at 3504 13th Street NW, Washington, D.C., 20010.

5. "Short Term Rental" means any transaction involving payment by a person for the right to occupy a unit, apartment, room, or any other space or property for a period of time less than ninety days or for a transient purpose, except that a residential lease for a person to occupy an apartment for thirty-days or longer shall not be a Short Term Rental.

## **III. DISTRICT'S ALLEGATIONS**

6. The Council of the District of Columbia passed the Rental Housing Act of 1985 ("Rental Act") to, among other purposes, "protect the existing supply of rental housing from conversion to other uses." D.C. Code § 42-3501.02(4). To achieve this purpose, the Rental Act includes a conversion provision that states "no person shall convert ... any housing accommodation or rental unit into a hotel, motel, inn, or other transient residential occupancy unit or accommodation." D.C. Code § 42-3506.01.

7. The Property is a 21-unit apartment building located in the Columbia Heights neighborhood of Washington, D.C. The building was purchased by 3504 13th Street LLC in October 2009 for \$1.9 million. At the time of purchase, Respondent Mika was a part-owner and the sole managing member of 3504 13th Street LLC. At the time of purchase, the building was vacant and had no tenants.

8. For the first two years, Respondents made necessary repairs to the building and it remained vacant during those repairs. Beginning as early as 2011, Respondents offered and sold many of the apartments at the Property as short term transient rentals through third-party online booking websites, including Airbnb.com (Airbnb) and VRBO.com (VRBO). Airbnb and VRBO permit property owners to list their property for rentals for as short as one day. Consumers are able to review listings, book apartments, and pay for their reservations through Airbnb and VRBO. Property owners receive the rent payment directly through Airbnb and VRBO. Consumers and property owners renting apartments through Airbnb and VRBO communicate through email, text messages, or through the Airbnb and VRBO websites. Respondents stopped offering the apartments at the Property for short-term rental in approximately December 2016, when contacted by the D.C. Department of Regulatory and Consumer Affairs about regulatory compliance issues.

9. Respondent Mika bought the controlling interest in 3504 13th Street LLC in February 2016, with the intent to stabilize the building and offer it for long-term rentals.

10. Respondents marketed and sold their transient accommodations through several listings on Airbnb and VRBO. For example, one Airbnb listing for an apartment at the Property was titled “Beautiful 1BR in safe location,” required a minimum three-night rental, and advertised that “[b]eing close to city center and experience of living like a local is what visitors

love about our property most.” Respondent Mika was identified as a “host” at the Property in Airbnb listings. Respondents charged up to \$300 a night, plus a cleaning fee, for rentals at the Property.

11. Apartment units that Respondents offered and sold as transient residential accommodations are subject to the District’s rent control laws. Notwithstanding this fact, the Respondents offered these units for rental as transient residential accommodations for amounts that are significantly higher than that permitted under the rent control laws.

12. During the process of booking transient residential accommodations at the Property, Respondents do not disclose to consumers that the offered rental is illegal under the District’s Rental Act.

13. Respondents also implicitly represented to consumers that they were in compliance with all licensing and regulatory requirements under District law for offering and selling transient residential accommodations when, in fact, Respondents did not obtain the required licenses or otherwise comply with the regulatory requirements for providing transient accommodations in D.C., the purpose of which is to ensure the health, safety and welfare of consumers.

14. Respondents’ conduct violated the District’s Consumer Protection Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.*

#### **IV. APPLICATION**

15. The provisions of this Assurance shall apply to Respondent 3504 13th Street LLC and all persons or entities that it controls or has the ability to control, including without limitation its principals, officers, directors, employees, agents, successors, assignees, affiliates, merged or acquired entities, or wholly owned subsidiaries.

16. The provisions of this Assurance shall apply to Respondent Jarek Mika and any partnership, corporation, or entity in which he, individually or jointly, currently or in the future, directly or indirectly, has any ownership interest and/or right to control, or for which he establishes policy or has the authority to establish policy.

17. The provisions of this Assurance shall apply to Respondents' conduct in connection with their offer and sale of rental units in the District of Columbia.

18. The injunctive provisions of this Assurance set out in paragraphs 19 through 22 below shall remain in effect unless the prohibited conduct is authorized by a change in District law.

**V. INJUNCTIVE TERMS**

19. Respondents shall not engage in any unlawful trade practice prohibited by the District's Consumer Protection Procedures Act as it pertains to their offer for rent of rental units in the District of Columbia.

20. Respondents shall not engage in any business practice that violates the Conversion provision of the District's Rental Act, set out at D.C. Code § 42-3506.01.

21. Respondents shall not offer, rent or sell any rental units as Short Term Rentals at the Property.

22. Respondents shall not enter into any partnership or arrangement with any entity or individual for the purpose of offering or selling Short Term Rentals at the Property.

**VI. COSTS AND PENALTIES**

23. Respondents shall, jointly and severally, pay the District a total of \$172,000 for civil penalties and for costs the District has incurred investigating this matter. Respondents shall make payments as follows: (i) within thirty (30) days of the date of the execution of this

Assurance, Respondents shall pay to the District the sum of \$25,000, and (ii) within one-hundred twenty (120) days of the date of the execution of this Assurance, Respondents shall pay to the District the sum of \$75,000. Payment under this paragraph shall be made via check made out to the D.C. Treasurer and delivered to the Office of Consumer Protection consistent with instructions from the Office of Consumer Protection.

24. If Respondents make all payments required under paragraph 23, the District agrees to waive the remainder of the civil penalties and costs owed under this Assurance. Upon the occurrence of any default in the payments required under paragraph 23 above, Respondents hereby irrevocably authorizes and empowers any attorney-at-law or Clerk of the Superior Court of the District of Columbia to appear at any time for Respondents in any action brought against it to enforce this Assurance at the suit of the District of Columbia, with or without declaration filed, as of any term, to waive the issuing of service of process, and therein to confess or enter judgment against Respondents for the entire remaining unpaid sum of the \$172,000 in civil penalties and cost owed by Respondents under the terms of this Assurance, together with all costs and expenses of enforcing this Assurance, including reasonable attorney's fees. For purposes of this paragraph, a default shall include Respondents' failure to make all or a portion of the payment required by this Assurance within ten (10) days of the date it is due, or if either of the Respondents make an assignment for the benefit of their creditors, file or have filed against them any proceedings under any reorganization, bankruptcy act or similar law, is adjudicated bankrupt, or becomes insolvent.

## **VII. ADDITIONAL TERMS**

25. Respondents represent that, as part of this investigation, they have made representations and provided information regarding tenancies at the Property, their control over

the Property and its units, and amounts paid for rentals at the Property. If the District uncovers evidence that those representations are materially false, the District may take additional legal action against the Respondents for additional amounts Respondents received for transient rental accommodations above the rent control amounts permitted at the Property.

26. The parties voluntarily agree to this Assurance without trial or adjudication of any issue of fact or law as a compromise settlement of all claims that the Office of Consumer Protection could have brought, pursuant to D.C. Code § 28-3909, against Respondents related to the factual issues set out in paragraphs 6 through 13.

27. Any breach of the injunctive terms contained in this Assurance shall be considered an unlawful trade practice that violates the CPPA.

28. Respondents shall not cause or encourage any third-parties, or knowingly permit third-parties acting on their behalf, to engage in any practices from which Respondents are prohibited by this Assurance.

29. Respondents shall not participate, directly or indirectly, in any activity, or form a separate entity or corporation for the purpose of, circumventing any part of this Assurance or the spirit or purpose of this Assurance.

30. This Assurance shall be considered effective and fully executed on the last date which any party executes the Assurance. This Assurance may be executed in counterparts, and copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

31. All notices under this Assurance shall be provided to the following address via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

For the District:

Benjamin Wiseman  
Assistant Attorney General  
Office of Consumer Protection  
441 4th Street, N.W., Suite 600-South  
Washington, D.C. 20001  
(202) 741-5226  
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For the Respondents:

Sara E. Kropf  
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701 8th Street, NW, Suite 300  
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**FOR THE DISTRICT OF COLUMBIA:**

KARL A. RACINE  
Attorney General for the District of Columbia



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JIMMY R. ROCK  
Assistant Deputy Attorney General  
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Dated: 5-2-18



INDIVIDUALLY AND FOR 3504 13TH STREET LLC:



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JAROSLAV MIKA

Dated: 4/26/18