

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,

Plaintiff,

v.

GINOSI USA CORPORATION, *et al.*,

Defendants.

Civil Action No.: 2017 CA 002823 B

CONSENT ORDER

This matter comes before the Court on the joint motion of the District of Columbia, (“District”) and Defendants Ginosi USA Corporation (“Ginosi USA”), Eric Ginosian, and Jivan Ginosian (collectively, “Defendants”) (and collectively with the District, the “Parties”), pursuant to SCR-Civil 68-I, for entry of this Consent Order (“Consent Order”). The Parties agree to the relief set forth in this Consent Order, and the Court further finds that the entry of the Consent Order is in the public interest. This Consent Order resolves the District’s claims in this matter only as to the above identified Defendants.

I. THE PARTIES

1. Plaintiff the District of Columbia, a municipal corporation empowered to sue and be sued, is the local government for the territory constituting the permanent seat of the government of the United States. The District brought this action through its chief legal officer, the Attorney General for the District of Columbia. The Attorney General has general charge and conduct of all legal business of the District and all suits initiated by and against the District and is responsible for upholding the public interest. D.C. Code § 1-301.81(a)(1). The Attorney General is also specifically authorized to enforce the CPPA and to negotiate and enter into

agreements for compliance by merchants with the provisions of the CPPA. *See* D.C. Code § 28-3909.

2. Defendant Ginosi USA Corporation (“Ginosi USA”) is a California corporation. At all times relevant to this matter, Ginosi USA offered and sold rental accommodations in Washington, D.C. (“D.C.”) to consumers.

3. Defendant Eric Ginosian is the owner and Chief Executive Officer (“CEO”) of Defendant Ginosi USA.

4. Defendant Jivan Ginosian was formerly the President of Defendant Ginosi USA.

II. DEFINITIONS

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.

6. “Long 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 of ninety days or longer.

III. DISTRICT’S ALLEGATIONS

7. On April 24, 2017, the District filed a Complaint against Ginosi USA and Eric Ginosian alleging violations of the CPPA. The District’s First Amended Complaint (“Complaint”) was deemed filed on August 6, 2018, adding Jivan Ginosian as an individual Defendant in this matter.

8. The District’s Complaint alleges that Defendants leased long-term rental apartments from large property owners and managers in the District of Columbia. Defendants

than used those long-term rental apartments to offer, sell, and provide transient hotel-style accommodations to consumers in the District of Columbia. The District's Complaint alleges that these transient accommodations were illegal under the District's Rental Act, D.C. Code § 42-3506.01, because Defendants are converting long-term rental apartment units into Short Term Rentals. The District's Complaint further alleges that the rentals were unlicensed, that Defendants engaged in drip pricing by not disclosing additional fees in the initial quoted price, and that Defendants did not disclose that taxes were not being paid to the District. Finally, the District alleged that Defendants failed to pay sales taxes to the District and failed to file monthly and annual tax returns with the District as required under D.C. Code §§ 47-2015(a), 47-2016, 47-2017, and 47-4491(a).

9. Defendants deny they have violated any laws, including the CPPA. Nothing contained in this Consent Order is or may be construed to be an admission by Defendants of any violation of law or regulation, or of any other matter of fact or law, or of any liability or wrongdoing.

10. The Parties have agreed to the relief set forth in this Consent Order in order to fully resolve this matter.

IV. APPLICATION

11. The provisions of this Consent Order shall apply to Defendants Ginosi USA, 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, parent or controlling entities, or wholly owned subsidiaries, and all other persons acting in concert with Defendant Ginosi USA now and in the future.

12. The provisions of this Consent Order shall apply to Defendant Eric Ginosian and his agents, employees and assigns, and any partnership, corporation, or entity in which he either currently, or in the future, has an ownership, individually or jointly, currently or in the future, directly or indirectly, has an ownership interest, has authority to control, or has the authority to establish policy.

13. The provisions of this Consent Order shall apply to Defendant Jivan Ginosian and his agents, employees and assigns, and any partnership, corporation, or entity in which he either currently, or in the future, has an ownership, individually or jointly, currently or in the future, directly or indirectly, has an ownership interest, has authority to control, or has the authority to establish policy.

14. The payment terms of the Consent Order, including all payment obligations, shall apply jointly and severally to each of the Defendants.

V. REPRESENTATION OF DEFENDANTS

15. Defendants represent that the taxes owed during the time period between September 2017 and November 2017, calculated at 14.5%, is \$7,502.11. Defendants have previously made representations to the District regarding the gross revenue they received during the periods that they operated in the District prior to September of 2017. The District has relied on these representations to calculate the taxes owed to the District.

16. Defendants represent that they are no longer conducting business in Washington, D.C.

VI. INJUNCTIVE TERMS

17. Defendants shall not engage in any unlawful trade practice prohibited by the District's CPPA, D.C. Code §§ 28-3901, *et seq.* in connection with the offer or sale of any consumer good or service.

18. Defendants 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.

19. Defendants shall not offer, rent or sell any residential apartments or other residential units, including offering, renting, or selling Short Term Rentals, in the District of Columbia.

20. Defendants shall not enter into any partnership or arrangement with any entity or individual for the purpose of offering, renting, or selling any residential apartments or other residential units, including offering, renting, or selling Short Term Rentals, in the District of Columbia.

21. For a period of ten (10) years from the entry of this Order, Defendants shall provide the District at least sixty (60) days advanced notice before they offer or sell any goods or services delivered to consumers within the District of Columbia.

VII. PAYMENT TERMS

a. Tax Payment to the District

22. Within sixty (60) days of the date of the entry of this Consent Order, Defendants shall pay Six Hundred and Thirty Two Thousand, Three Hundred and Seventy two dollars and Twenty Two Cents (\$632,372.22) to the District, which represents the full amount of sales taxes Defendants owe to the District for the time that Defendants operated their short-term rental business in the District of Columbia.

23. Within sixty (60) days of the date of the entry of this Consent Order, Defendants shall pay Fifty Thousand Five Hundred and Eighty-Nine Dollars and Seventy-Seven Cents (\$50,589.77) to the District, which represents interest on the full amount of sales taxes owed in paragraph 22.

b. Penalties and Costs

24. Within sixty (60) days of the date of the entry of this Consent Order, Defendants shall pay to the District \$100,000.00 for civil penalties and for costs the District has incurred investigating and litigating this matter (the "Penalty Payment").

VIII. ADDITIONAL TERMS

25. Upon the occurrence of any default in the payments required under paragraphs 22-24, Defendants 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 Defendants in any action brought against it to enforce this Consent Order 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 Defendants for the entire remaining unpaid sum of the amount due under paragraph 22-24, together with all costs and expenses of enforcing this Consent Order, including reasonable attorney's fees. For purposes of this paragraph, a default shall include Defendants' failure to make all or a portion of the payment required by this Consent Order within ten (10) days of the date it is due, or if either of the Defendants 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.

26. The District is entering this Consent Order based on the representation made by Defendants in paragraph 15 above and has agreed to the amounts set forth in paragraphs 22-24

based on the truthfulness, accuracy, and completeness of Defendants' statements, under oath, regarding their gross revenue from all short-term rentals sold in the District of Columbia. If the District learns that these representations are false, incomplete or inaccurate, the District may seek to modify or enforce this Consent Order against Defendants and seek additional relief commensurate with the correct sales tax payments owed to the District.

27. The District is entering this Consent Order based on the representation made by Defendants in paragraph 16 above. If the District learns that these representations are false, incomplete or inaccurate, the District may seek to modify or enforce this Consent Order.

28. The District and Defendants may apply to the Court to modify this Consent Order by agreement at any time. Any party may apply to the Court, without the other party's agreement, to modify this Consent Order for good cause shown based on a substantial change in law or fact occurring after the date this Consent Order is entered.

29. Unless otherwise set forth above, Defendants shall implement all changes required by this Consent Order within ten (10) days of its entry by the Court.

30. The District shall provide a ten (10) day notice letter by email and first class mail to Defendants upon a good faith belief that Defendants have violated the injunctive terms of this Consent Order. Defendants shall have ten (10) days from the receipt of the notice to explain and correct any violation before the District shall take any legal action to enforce the terms of this Consent Order.

31. Defendants shall not cause or encourage third parties, or knowingly permit third parties acting on its behalf, to engage in practices from which Defendants are prohibited by this Consent Order.

32. This Consent Order represents the full and complete terms of the settlement

entered by the Parties. In any action undertaken by the Parties, neither prior versions of this Consent Order nor prior versions of any of its terms that were not entered by the Court in this Consent Order may be introduced for any purpose whatsoever.

33. In entering into this Consent Order, the Parties are neither extinguishing any rights otherwise available to consumers, nor creating any right not otherwise available under the laws of the District of Columbia.

34. This Court retains jurisdiction of this Consent Order and the Parties for the purpose of enforcing this Consent Order and for the purpose of granting such additional relief as may be necessary and appropriate. The Parties may agree in writing, through their counsel, to an extension of any time period in this Consent Order without a court order.

35. This Consent Order may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect, as an original signature.

36. All notices sent pursuant to this Consent Order shall be provided to the following addresses via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

For the Plaintiff District of Columbia

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For the Defendants Ginosi USA Corporation and Eric Ginosian

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For Defendant Jivan Ginosian

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37. Any failure by any party to this Consent Order to insist upon the strict performance by any other party of any of the provisions of this Consent Order shall not be deemed a waiver of any of the provisions of this Consent Order, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Consent Order.

38. If any clause, provision or section of this Consent Order shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Consent Order and this Consent Order shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

39. Nothing in this Consent Order shall be construed as relieving Defendants of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions of this Consent Order be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

40. Defendants shall deliver a copy of this Consent Order to each of its current and

future principals, officers, directors, and managers having decision-making authority with respect to the subject matter of this Consent Order.


41. Defendants shall not participate, directly or indirectly, in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part that are prohibited in this Consent Order or for any other purpose that would otherwise circumvent any part of this Consent Order or the spirit or purposes of this Consent Order.

42. This Consent Order finally disposes of all claims by the Parties and the District shall release Defendants from all claims that the Attorney General asserted or could have asserted under the D.C. Consumer Protection Procedures Act, D.C. Code §§ 28-3901 *et seq.*, and the District's Sales Tax Law, D.C. Code §§ 47-2000, *et seq.*, and D.C. Code § 47-4491(a), based on the facts alleged in the District's original or amended Complaints.

CONSENTED TO FOR THE DISTRICT OF COLUMBIA:

KARL A. RACINE
Attorney General for the District of Columbia



BENJAMIN M. WISEMAN [1005442]
Director, Office of Consumer Protection

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Dated: 8/22/19

FOR DEFENDANTS GINOSI USA CORPORATION AND ERIC GINOSIAN:



KIMBERLY FAHRENHÖLZ
Fahrenholz & Horrell LLP
202-387-8680 | kkf@fhfirm.com

Dated: 8/21/19

FOR DEFENDANT JIVAN GINOSIAN:



K. CRAIG WELKENER, Esq.
Bosson Legal Group, PC
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Dated: 8/21/2019

WHEREFORE, it is this 10th day of September, hereby:

ORDERED, that the terms of this Order set forth above are incorporated as if fully set forth herein,

SO ORDERED AND ADJUDGED.



Judge William M. Jackson
Superior Court Judge