

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,
a municipal corporation,
400 6th St. N.W.
Washington, D.C. 20001

Plaintiff,

v.

CASA RUBY, INC.
Serve: Ruby Corado,
Registered Agent
7530 Georgia Avenue, NW
Washington, D.C. 20012

RUBY CORADO
7530 Georgia Avenue, NW
Washington, D.C. 20012

**CASA RUBY LLC d/b/a MOXIE
HEALTH**
Serve: Ruby Corado
Registered Agent
1331 Maryland Avenue SW, Suite
150
Washington, D.C. 20024

**PNEUMA BEHAVIORAL HEALTH
LLC**
Serve: Ruby Corado
Registered Agent
7530 Georgia Avenue, NW
Washington, D.C. 20012

**TIGLOBALLOGISTICS, LLC d/b/a
CASA RUBY PHARMACY**
Serve: Ruby Corado
Registered Agent
641 Gallatin Street NW
Washington, D.C. 20011

Defendants.

Case No. 2022 CA 003343 B
Judge Danya A. Dayson
Next Event: Initial Status Conference
Event Date: January 6, 2023 at 12:00
p.m.

JURY TRIAL DEMANDED

**FIRST AMENDED COMPLAINT FOR VIOLATIONS OF THE
NONPROFIT CORPORATION ACT, WAGE PAYMENT AND COLLECTION LAW,
MINIMUM WAGE REVISION ACT, AND COMMON LAW**

The District of Columbia (the “District”), by its Office of the Attorney General, brings this action against Casa Ruby, Inc., a District nonprofit corporation (“Casa Ruby”), Ruby Corado, Casa Ruby LLC, a District limited liability company (“Casa Ruby LLC”), Pneuma Behavioral Health LLC, a District limited liability company (“Pneuma Behavioral Health”), and Tigloballogistics LLC d/b/a/ Casa Ruby Pharmacy, a District limited liability company (“Tigloballogistics”) (collectively “Defendants”), for violations of the District’s Nonprofit Corporation Act (“NCA”), D.C. Official Code §§ 29-401.01, *et seq.*, Wage Payment and Collection Law (“WPCL”), D.C. Official Code §§ 32-1301 *et seq.*, the Minimum Wage Revision Act (“MWRA”), D.C. Official Code § 32-1001, *et seq.*, and the common law. In support of its claims, the District alleges as follows:

INTRODUCTION

1. Casa Ruby is a District nonprofit organization incorporated to serve a critical need in the District of Columbia—providing transitional housing and related support to LGBTQ+ youth—using charitable donations from the public and grants from the District government.

2. Casa Ruby solicits donations via a website extolling its mission to “create a world where transgender, genderqueer, and gender non-conforming people pursue their dreams and achieve success in their lives without fear of discrimination, harassment, or violence due to their sexual orientation and or gender identity/gender expression.” Casa Ruby’s website highlights for potential donors that Casa Ruby and its Executive Director Ruby Corado persevered through severe adversity and discrimination to open the Casa Ruby Center in June 2012, and that Casa Ruby currently employs almost 50 people and provides more than 30,000 social and human services to more than 6,000 people each year.

3. Casa Ruby is also the recipient of significant District grants provided specifically to serve the needs of the District Latino and LGBTQ+ youth communities. These grants from 2016 to July 2022 totaled more than \$9.6 million.

4. However, Casa Ruby has now effectively ceased operations in the District: the transitional housing has shuttered, the employees have not been paid, its last Board member resigned in April 2022, and it has been evicted from multiple properties for failure to pay rent. In other words, Casa Ruby has ceased to serve its nonprofit purpose despite millions in donations and grants provided for this purpose.

5. The reason for Casa Ruby's failure to fulfill its nonprofit purpose is that the nonprofit's Board ceded full operational and financial control of the organization and failed to apply any oversight to Executive Director Ruby Corado, who until August 2022 maintained sole control over Casa Ruby's bank accounts and, on information and belief, has left the country and diverted and continues to divert Casa Ruby's funds to serve other purposes, including her own benefit.

6. The District brings this action to recover Casa Ruby's funds for the benefit of the nonprofit and its public purpose, including the payment of employees and vendors rightfully entitled to compensation for services rendered. It also seeks appointment of a receiver to monitor Casa Ruby's financial transactions and to temporarily oversee its operations and management.

7. The District also brings this action to secure accrued back wages for Casa Ruby employees owed to them under the WPCL and the MWRA.

PARTIES

8. Plaintiff District of Columbia is a municipal corporation empowered to sue and be sued and is the local government for the territory constituting the permanent seat of the government of the United States. The District is represented by and 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 specifically authorized to enforce the NCA as provided in D.C. Code § 29-412.20, and has broad powers under the common law to police the activities of nonprofits within the District to ensure that their use of funds meet their public nonprofit purposes. The Attorney General also has authority under the WPCL and the MWRA to bring a civil action for restitution, injunctive relief, compensatory damages, or other relief for any individual or the public at large.

9. Defendant Casa Ruby is a nonprofit incorporated in the District of Columbia in February 2004 under the name “Latin@s en Acción.” Its nonprofit purpose stated in its articles of incorporation is “to strengthen and improve the welfare and well-being of the Latino community in the District of Columbia and other jurisdictions.” Casa Ruby is a charitable corporation exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, and it is required to operate exclusively for one or more nonprofit charitable purposes as defined in the NCA in D.C. Code § 29-401.02(3)-(4)(A).

10. Defendant Casa Ruby LLC d/b/a Moxie Health is a District limited liability company created in April 2020. Ruby Corado serves as its registered agent. It is currently in revoked status.

11. Defendant Pneuma Behavioral Health LLC is a District limited liability company organized in July 2019. Ruby Corado serves as its registered agent. It is currently in revoked status.

12. Defendant Tigloballogistics LLC d/b/a Casa Ruby Pharmacy is a District limited liability company created in February 2019. Ruby Corado is its registered agent and its sole beneficial owner.

13. Defendant Ruby Corado is an individual who has served as Casa Ruby’s Executive

Director and its registered agent. She also created and serves as the registered agent for three District limited liability companies, Casa Ruby LLC, Pneuma Behavioral Health, and Tigloballogistics, which have received transfers of funds from Casa Ruby. Until August 2022, she had sole control of Casa Ruby's bank accounts at M&T Bank, and its PayPal account, the latter of which contains funds donated to Casa Ruby through Casa Ruby's website. Until recently, Corado resided in the District of Columbia metropolitan area. However, Casa Ruby employees who communicated with her regularly do not know where she currently resides and social media posts indicate that she is currently in El Salvador. At all times relevant to the Complaint, Ruby Corado directed, controlled, had the authority to control, participated in, or with knowledge approved of, the acts and practices of Casa Ruby and related entities stated below.

JURISDICTION

14. This Court has subject matter jurisdiction over this matter under D.C. Code §§ 11-921, 29-412.20(a)(1), 32-1306(a)(2); 1-301.81, 2-381.02(a) and the common law.

15. This Court has personal jurisdiction over all Defendants under D.C. Code § 13-422 and § 13-423.

I. The Attorney General Has Broad Authority to Police Nonprofits and Ensure That Charitable Funds Are Used for Appropriate Purposes.

16. At their most basic level, nonprofit organizations are set up to benefit the public. Their funds are a form of public trust. Attorneys General, including the District's Attorney General, are by statute and common law charged with policing the nonprofit activities in their jurisdiction to ensure that nonprofits operate and spend their funds consistent with the public purpose for which the nonprofits were created.

17. The NCA broadly empowers the Attorney General to police nonprofits incorporated under District law. This includes the ability to secure broad injunctive relief whenever a District nonprofit

“has exceeded or abused and is continuing to exceed or abuse the authority conferred on it by law” or “has continued to act contrary to its nonprofit purposes.” D.C. Code § 29-412.20(a)(1)(B)-(C).

18. A nonprofit abandons its public purpose when it allows any portion of its funds to be spent in ways that are designed to benefit private persons or companies. This well-established nonprofit principle, the prohibition on private inurement, is provided in the NCA and is a basic tenet of the common law.

II. The Attorney General Also Has Broad Authority to Enforce the District’s Wage and Hour Laws.

19. District law requires all employers who operate in the District to pay all wages earned. Employers must pay employees’ wages on a regular biweekly schedule, including any overtime owed, and must promptly pay back wages to any employee whose employment is terminated.

20. Workers are entitled to at least the minimum wage guaranteed in the MWRA.

21. The Attorney General may bring a civil action to enforce the District’s wage and hour laws, including the WPCL and the MWRA.

III. Corado Has Diverted Casa Ruby’s Nonprofit Funds and Prevented the Organization from Fulfilling Its Charitable Purpose.

22. Casa Ruby was organized for a public purpose: to strengthen and improve the welfare and well-being of the Latino community in the District of Columbia and other jurisdictions. Although Casa Ruby amended its nonprofit purpose in 2006 and again in 2010, its stated purpose, according to its articles of incorporation, has always been improving the welfare and well-being of the Latino community and of sexual minorities within the Latino community.

23. Ruby Corado was not only Casa Ruby’s eponym; she was also its torchbearer. She was a recognized leader in the District’s trans community, having built safe spaces for some of the District’s residents who needed them most. She secured millions in grants, gifts, and loans from

federal and District sources, as well as from private donors.

24. According to its public tax returns, Casa Ruby received between \$1.4 million and \$3.4 million annually between 2016 and 2020 in gifts, grants, and contributions to support its charitable work in the District.

25. Casa Ruby also received hundreds of thousands of dollars in donations from foundations, for-profit corporations, and private individuals.

26. Casa Ruby, like other organizations that received federal funds to stay open despite the COVID pandemic, also received a Paycheck Protection Program (PPP) loan for \$329,200 in April 2020 and another PPP loan for \$456,215 in March 2021.

27. As Casa Ruby's balance sheet increased, so did Corado's salary, going from just shy of \$32,000 in 2014, to \$260,000 in 2020, according to Casa Ruby's IRS 990 forms—a nearly eightfold increase. The Board never reviewed or appropriately authorized this compensation.

28. Corado supplemented her rapidly increasing salary by paying herself additional funds from Casa Ruby's bank accounts. For instance, on July 28, 2020, Corado wrote herself a check for \$28,000 from Casa Ruby's funds. The memo line reads "performance bonus approved by Board." The Board never authorized this payment.

29. Corado also regularly withdrew thousands of dollars from Casa Ruby's accounts with no explanation of the purpose of the withdrawal and no evidence that the Board authorized it.

30. Corado's leadership over Casa Ruby, and control of its purse strings, was near absolute. Although other Casa Ruby employees have had access to Casa Ruby's M&T Bank accounts for limited periods, that access ended in May 2021 at the latest. As of August 2022, Corado was the only signatory to those accounts.

31. Corado also had access to Casa Ruby's PayPal account, which processes donations to Casa

Ruby made through its website.

32. Ruby Corado has used Casa Ruby's funds without the knowledge or participation of other managers at Casa Ruby and without oversight from the Board. Even employees with significant responsibilities over Casa Ruby's affairs could not spend any of Casa Ruby's funds without Corado's express permission.

33. At some point between March and May 2021, Corado withdrew \$200,000 of the PPP funds Casa Ruby received in March 2021 from Casa Ruby's account without authorization from the Board and without disclosing what she intended to use these funds for. At the time, Casa Ruby owed back rent that Corado forbade the administrator to pay.

34. In September 2021, the District's Department of Human Services (DHS) declined to renew a grant for transitional housing it awarded to Casa Ruby in 2015 and had renewed in previous years, citing violations of the grant's requirements.

35. Even though DHS declined to renew this particular grant, Casa Ruby continued to receive funds from other DHS grants, other District agencies, and private donors. Between October 2021 and July 22, 2022, Casa Ruby received \$802,147.74 from the District government. Corado also created a GoFundMe fundraiser ostensibly to raise funds for Casa Ruby, which raised over \$180,000 in donations. The grants, the loans, the donations—the money in Casa Ruby's accounts—meanwhile, made its way out, and the only person with the power to make that happen was Corado. On information and belief, Casa Ruby never received any of the funds donated through Corado's GoFundMe fundraiser.

36. Throughout 2021, Corado withdrew tens of thousands of dollars from Casa Ruby's M&T Bank account in ATM withdrawals and other cash withdrawals. Corado used over \$60,000 in Casa Ruby's funds to pay bills for a charge card she controlled. Corado also used Casa Ruby's funds

to pay for meals and transportation expenses to and in El Salvador.

37. Corado continued to withdraw funds from Casa Ruby's M&T Bank account in 2022. Because none of Casa Ruby's Board members or employees had access to this bank account after May 2021, they have no information about how Corado spent Casa Ruby's funds. Employees knew that Casa Ruby continued to receive grant funds and donations in 2022, but they had no information about or access to these funds and could not use them for the purpose for which they were intended.

38. In 2022, Corado also withdrew funds from Casa Ruby's PayPal account, which held donations made to Casa Ruby through its website. On July 19, 2022, Corado transferred over six hundred dollars in donations from the PayPal account to the M&T Bank account, which she exclusively controlled.

39. Corado also told DHS that Casa Ruby's Board authorized her to spend \$500,000 of Casa Ruby's nonprofit funds to establish another Casa Ruby shelter in El Salvador. However, no Board minutes demonstrate that the Board approved these expenses. Board members also told Casa Ruby's Chief Administrative Officer that they never approved this expense.

40. Through her control of Casa Ruby's M&T Bank and PayPal accounts, Corado continued to use Casa Ruby's funds in ways that do not support Casa Ruby's nonprofit purpose or to support programs in the District for which it received grants from the District.

41. On March 22, 2022, Casa Ruby's accountants contacted Corado to request information on ATM withdrawals and other transactions from Casa Ruby's accounts from September to December 2021. They also asked her to explain payments she made from Casa Ruby's bank account to pay American Express bills for her new charge card.

42. In response to this request from Casa Ruby's accountants, Corado responded by email:

Thanks for the follow up.

As stated the transactions from El Salvador were made for the operation of the 12 bed shelter facility that we opened last year in El Salvador which was an additional program launched to support Lgbtq Central Americans who are migrating to the United States and end up absorbing services in casa Ruby Washington DC. A program that the US embassy in [E]l Salvador will support financially very soon

We recently finished the operations report for 2021

I am going to request a financial report which I will share with you for record keeping

....

I will keep you posted

Thanks

43. Casa Ruby's nonprofit purpose, as stated in its articles of incorporation, makes no mention of international programs and the Board never authorized any expenditures for programs in El Salvador. Additionally, the Board has received no financial accounting or documentation of these alleged expenses and programs in El Salvador and has not applied, and has been unable to apply, any oversight to Corado's spending.

44. Because Casa Ruby's accountants never received the documentation they requested, they were unable to complete Casa Ruby's 2021 IRS Form 990 tax return and were unable to complete reports requested by District agencies that awarded grants to Casa Ruby. These failures placed the organization in violation of federal and District regulations and laws.

45. Casa Ruby has also failed to pay federal employment taxes for 2022. As of June 2022, it owed the IRS \$127,425.70 in employment taxes, not including penalties and interest.

46. The accountants were not the only ones Corado left hamstrung: Because the Board and administrative employees have no access to Casa Ruby's bank account, the Board has no ability to apply required diligence or oversight to Corado's spending of Casa Ruby's funds.

47. Because Corado failed to properly disclose her activities in El Salvador to the Board, the Board was unable to fulfill its fiduciary duties to Casa Ruby and ensure that its funds are used solely to support its nonprofit purpose.

48. Because the Board had no information about how Corado was spending Casa Ruby's funds inside or outside of the District, it was also unable to provide oversight or appropriate direction to Casa Ruby's activities.

49. And Casa Ruby was unable to provide basic documentation about its operations, such as an organizational chart or a list of its Board members to District government employees who conducted emergency site visits to Casa Ruby's facilities in 2022. These and other problems identified during the site visits led District agencies to issue stop work orders against Casa Ruby.

IV. Corado Concurrently Created and Controlled LLCs That She Used to Transfer Casa Ruby's Funds to Her Personal Bank Accounts.

50. In addition to misusing public and private funds designated directly for Casa Ruby, Corado also diverted nonprofit funds via several companies named herein as Defendants.

51. In 2020, Casa Ruby opened a pharmacy program that dispenses to Casa Ruby's clients prescription medications that protect against HIV transmission.

52. Because Casa Ruby received federal funds through the District of Columbia Department of Health to provide HIV/AIDS treatment and related services to uninsured or under-insured individuals, it is a "covered entity" under the Section 340B drug pricing program administered by the United States Health Resources and Services Administration ("HRSA"), a division of the United States Department of Health and Human Services.

53. The Section 340B program allows covered entities to purchase certain prescription drugs for eligible clients at a substantial discount. Covered entities may dispense these drugs to eligible clients. If the clients are covered by private health insurance or Medicare, the 340B program allows

covered entities to seek reimbursement from private insurers or Medicare, which routinely reimburse the full price of the medication. The covered entity keeps the difference.

54. In 2020, Corado publicly stated that the HRSA certified Casa Ruby to open a pharmacy using the 340B program. Any revenues Casa Ruby may have received through the pharmacy and the associated reimbursement scheme are part of its nonprofit funds.

55. Before Casa Ruby opened its pharmacy program, Ruby Corado established three District of Columbia limited liability companies (LLCs), Casa Ruby LLC d/b/a Moxie Health, Pneuma Behavioral Health LLC, and Tigloballogistics, LLC, d/b/a Casa Ruby Pharmacy.

56. Corado later created several checking accounts at M&T Bank for these LLCs and, on information and belief, used them for Casa Ruby's pharmacy program, including two accounts for Tigloballogistics, the XXXXXX-0394 account ("0394 Account") and the XXXXXX-9064 account ("9064 Account").

57. Between January 2019 and 2022, Corado transferred at least \$60,000 from Casa Ruby's operating accounts, also at M&T Bank, into accounts she created for these LLCs.

58. Corado also transferred funds from the LLC accounts directly to her personal bank account at M&T Bank, the XXXXXX-7067 Account ("7067 Account").

59. For several months in 2020, Corado wrote herself checks for \$5,000 each month from a Casa Ruby LLC account to the 7067 Account. These checks purported to pay Corado for "mental health services."

60. In March and April 2021, Corado withdrew over \$100,000 from the 9064 Account and the 0394 Account.

61. Between April 2021 and September 2021, Corado transferred over \$400,000 from the 0394 Account and the 9064 Account to accounts she held under her birth name in two El Salvador banks.

62. Casa Ruby's Board never authorized any of these transfers.

V. **Casa Ruby's Board Ceded Control of the Nonprofit's Finances, Including Millions in Donations and Grants, to Executive Director Ruby Corado.**

63. Casa Ruby's Board did not properly oversee Casa Ruby's programs and finances and lacked the information it needed to do so.

64. Casa Ruby's Board did not hold regular meetings, in violation of the NCA and its bylaws.

65. According to Casa Ruby's Chief Administrative Officer, the Board met once in approximately 2015-2016, and whenever she asked for copies of Board meeting minutes, even years later, she only received the minutes of this single meeting.

66. A long-time Casa Ruby volunteer who was involved in its operations between 2017 and 2021 and served on its Board in 2020 recalls that before 2020, the Board held a single meeting when it began operations but did not hold annual meetings for years. This employee also recalls that when she was placed on the Board for several months in 2020, the decision was Corado's alone, in violation of Casa Ruby's bylaws which require new Board members to be elected by a supermajority of the current Board.

67. Some management employees who had significant responsibility for Casa Ruby's programs and day-to-day management were also hired and fired at Corado's sole discretion, without any input from the Board.

68. The Board met in 2020 and 2021 to discuss the status of Casa Ruby's programs and to discuss transitioning to new leadership for Casa Ruby. However, the Board never actually replaced Corado, who maintained sole control over all of Casa Ruby's bank accounts and finances and was the main point of contact with Casa Ruby's accountants, Ayala & Associates.

69. By no later than 2021, Casa Ruby had only three active Board members, John Harrison-Quintana, Meredith Zoltick, and Hassan Naveed. John Harrison-Quintana resigned in September

2021, leaving Casa Ruby with a Board composed of only two active members, in violation of the NCA.

70. On February 6, 2022, Meredith Zoltick asked Corado to provide certain documents for a meeting: Casa Ruby's last audit, its current financials, its current organizational chart showing individuals on the payroll, and a list of active Casa Ruby Board members. On February 23, 2022, Zoltick resigned from the Board without, on information and belief, ever receiving this essential information to which the Board should have always had access.

71. Because the active Board members did not know who else, if anyone, was serving on the Board, the Board would have been unable to determine whether it had a quorum, or how many votes it needed to make decisions. This left the Board unable to govern.

72. Because the Board did not have access to Casa Ruby's audits, current financials, or an organizational chart, it was unable to provide necessary oversight as required by law.

73. On April 24, 2022, Hassan Naveed resigned from the Board, leaving Casa Ruby without a single active Board member.

74. Until a receiver was appointed in September 2022, not a single individual had authority under the NCA to provide oversight over Corado's decisions.

VI. Corado Has Deprived Casa Ruby's Employees and Its Landlords of Money Rightfully Owed to Them.

75. Before Casa Ruby's operations in the District ended abruptly in July 2022, its employees did not receive the full wages they earned.

76. At various times between July 2021 and July 2022, while Corado was freely supplementing her \$260,000 salary with additional funds drawn from Casa Ruby's bank accounts, many of Casa Ruby's employees were paid only \$15.00 per hour, less than the minimum wage in the District of Columbia as of July 1, 2021. None of these employees received the full wages they earned.

77. Casa Ruby's internal payroll records show that employees sometimes worked over 40 hours in a workweek, but their paychecks did not include an itemized statement showing hourly rate, deductions and additions to wages, hours worked, and overtime pay. Employees therefore could not readily determine whether they were paid the full wages they earned, including overtime.

78. In March 2022, as Casa Ruby's funding from District grants was declining, Corado called an all-staff meeting. At the time, Casa Ruby's internal records show that it employed 19 hourly employees, 7 salaried employees, and 3 independent contractors.

79. At the meeting, Corado did not address the assembled staff's concerns about late payments, sometimes late by several pay periods, and instead told them that if they wanted to quit, they should tell her, and she would send them a letter laying them off. Only two employees accepted that offer.

80. Many of the remaining Casa Ruby employees continued to report for work each day under increasing uncertainty about whether or when they would be paid, to whom they should report, and who was in charge of Casa Ruby.

81. Many employees received their last paychecks in mid-May 2022. After that date, most employees went unpaid.

82. On information and belief, Casa Ruby did not formally terminate the employment of any of the twenty-seven employees who continued to work there after March 2022. It simply stopped paying them. These employees were paid between \$200 and \$2800 every two weeks.

83. Each month, Casa Ruby's payroll dwindled. Casa Ruby only paid 22 employees for work performed in April 2022, 19 employees for work performed in May 2022, 9 employees for work performed in June 2022, and only 4 for work performed in July 2022.

84. Many other employees report that they never received the compensation that Corado promised.

85. In late 2021, Corado designated Alexis Blackmon to replace her as Executive Director. Although Corado promised Blackmon a \$30,000 raise in her annual salary, Blackmon never received this additional amount. Blackmon resigned as Executive Director in February 2022, having never obtained access to Casa Ruby's bank accounts or finances. On information and belief, the Board never appropriately reviewed Blackmon's appointment and promised salary.

86. Another employee last received payment in May 2022. This employee explained that she and many other Casa Ruby employees were routinely paid several weeks late, and that even after they received their checks, they did not know whether they would be paid until their checks cleared.

87. Another employee was paid \$50,000 annually for full-time work interviewing asylum seekers who were in temporary housing at Casa Ruby's temporary housing shelter on W Street SE. She also connected these asylum-seekers with attorneys who had volunteered to provide free legal services. She received her last paycheck on June 2, 2022. She continued to work for six more weeks, until July 15, 2022, but was never paid the approximately \$4,500 she was owed for those six weeks of work.

88. As part of her compensation, this employee also received rent-free housing in an apartment adjoining Casa Ruby's W Street SE location. She did not learn until she received a letter from the landlord that the rent on her apartment and the adjoining shelter had not been paid for months. Corado encouraged her to stay in the apartment until she received a court order evicting her. The employee rejected this request, and moved herself into a new apartment at her own expense in May 2022.

89. Another Casa Ruby worker had an agreement with Corado under which she received a flat fee for each client she referred to the Casa Ruby pharmacy. Casa Ruby still owes her thousands

of dollars for these referrals.

90. Casa Ruby also owes significant sums to District landlords in back rent.

91. Three of Casa Ruby's landlords have filed actions against Casa Ruby seeking possession of their property due to nonpayment of over \$1 million in back rent. *See* Verified Complaint (Dec. 27, 2021), *MG Services, LLC v. Casa Ruby, Inc., et al.*, 2021 LTB 000641; Verified Complaint (April 29, 2022) *2033 Florida LLC v. Casa Ruby, Inc.*, 2022 LTB 001854; Verified Complaint (April 29, 2022), *Dragonfly Realty LLC v. Casa Ruby, Inc.*, 2022 LTB 001855. These properties were used for transitional shelter space and other purposes, including housing provided to some Casa Ruby employees as part of their compensation.

92. Casa Ruby cannot meet its obligations to the District or advance its nonprofit purpose to supply transitional housing for District youth if it is evicted from its properties for nonpayment.

COUNT I
(Against All Defendants for Exceeding or Abusing the Authority Conferred by Law in Violation of D.C. Code § 29-412.20(a)(1)(B))

93. The allegations contained in paragraphs 1 through 92 are realleged as though fully restated herein.

94. The District's NCA broadly empowers the Attorney General to police nonprofits incorporated under District law. This includes the ability to secure broad injunctive and equitable relief whenever a District nonprofit "has exceeded or abused and is continuing to exceed or abuse the authority conferred on it by law." D.C. Code § 29-412.20(a)(1)(B).

95. Defendant Casa Ruby effectively ceded control of the operations and finances of the nonprofit to its Executive Director, permitting her unfettered and unmonitored access to significant nonprofit funds and enabling her to engage in private inurement transactions, including paying expenses Corado incurred for meals and transportation in El Salvador, and diverting Casa Ruby's

nonprofit funds to purposes that do not support Casa Ruby's programs in the District.

96. Defendant Casa Ruby also failed to maintain a compliant Board no later than September 2021, when one of its three active board members resigned. Casa Ruby currently has no active Board members.

97. Defendant Casa Ruby also failed to maintain control over Casa Ruby's financial records or to provide required oversight of Casa Ruby's expenditures.

98. Defendant Casa Ruby also failed to maintain control over funds that were transferred to the accounts Corado created for Tigloballogistics, Pneuma Behavioral Health, and Casa Ruby LLC.

99. By misusing and failing to oversee the expenditure of nonprofit funds, Defendants Casa Ruby and Ruby Corado made it impossible for the nonprofit to meet its legal requirements to pay its employees and vendors for services rendered, pay its rent, and adhere to regulatory requirements.

100. By engaging in these and other actions, Defendants have exceeded or abused, or caused Casa Ruby to exceed and abuse, the authority conferred on them by law.

COUNT II

(Against All Defendants for Continuing to Act Contrary to Nonprofit Purposes in Violation of D.C. Code § 29-412.20(a)(1)(C))

101. The allegations contained in paragraphs 1 through 92 are realleged as though fully restated herein.

102. The District's NCA broadly empowers the Attorney General to police nonprofits incorporated under District law. This includes the ability to secure broad injunctive and equitable relief whenever a District nonprofit "has continued to act contrary to its nonprofit purposes." D.C. Code § 29-412.20(a)(1)(C).

103. By failing to maintain a compliant Board, failing to maintain control over financial

records, ceding control of nonprofit funds and bank accounts to Corado, and ensuring that Casa Ruby could not take any corporate action because it lacked a compliant Board, Defendants have caused, and continue to cause, Casa Ruby to suffer financially and are currently in a position where it is unable to pay its vendors, landlords, or employees or to fulfill its nonprofit purpose to supply housing and support to vulnerable communities.

104. Defendant Ruby Corado and Casa Ruby have acted or caused Casa Ruby to act, and continue to act, contrary to its charitable purposes in violation of the NCA.

COUNT III
(Against All Defendants Pursuant to the Common Law)

105. The allegations contained in paragraphs 1 through 92 are realleged as though fully restated herein.

106. The Attorney General has broad common law authority to ensure that the governance and funds of a District charitable corporation are exercised and used in ways that benefit the public and that charitable funds are not wasted, used for private inurement, or otherwise used in a manner incompatible with a nonprofit purpose or the directors' fiduciary duties.

107. By failing to maintain a compliant Board, failing to maintain control over financial records, failing to provide proper oversight of Casa Ruby's finances, and ceding control of nonprofit funds and Casa Ruby's bank accounts to Ruby Corado, Defendants have failed to safeguard nonprofit assets and observe basic governance and accountability standards.

108. Defendants Ruby Corado and Casa Ruby's failure to meet their fiduciary duties in ensuring that nonprofit funds are spent in ways that benefit the public and in accordance with Casa Ruby's charitable purposes violates these responsibilities of a charitable corporation under the common law.

COUNT IV
(Against Defendant Casa Ruby, Inc. and Ruby Corado for Failing to Pay All Wages Earned Under the Wage Payment and Collection Law, D.C. Code § 32-1301 and the Minimum Wage Revision Act, D.C. Code § 32-1003)

109. The District incorporates by reference the allegations set forth in Paragraphs 1-92 above as if fully set forth herein.

110. At all relevant times, Casa Ruby employed individuals within the District of Columbia and were therefore “employers” within the meaning of D.C. Code § 32-1301(1B). From at least April 2022 until July 2022, employees of Casa Ruby and Ruby Corado were denied wages for their work because Casa Ruby simply stopped paying them without discharging them.

111. At various times between July 2021 and July 2022, employees of Casa Ruby and Ruby Corado were paid less than the minimum wage in the District of Columbia.

112. At various times before July 2022, Casa Ruby failed to provide its employees at the time of payment of wages with an itemized statement of the payment date, gross and net wages paid, any deductions or additions to wages, and hours worked.

113. At all relevant times, Defendant Ruby Corado controlled or had the ability to control Defendant Casa Ruby’s conduct alleged in the complaint to violate the WPCL and the MWRA. As such, at all relevant times, Defendant Ruby Corado was also an individual violating the WPCL and the MWRA or is otherwise liable for Defendant Casa Ruby’s violation of that law.

114. Defendants who violate the WPCL and the MWRA are liable to their employees for all back wages unlawfully withheld, treble damages, statutory penalties for each violation, and appropriate equitable relief.

115. The Attorney General is authorized to bring a civil action in Superior Court against employers for violations of the WPCL and the MWRA.

PRAYER FOR RELIEF

WHEREFORE, the District requests that this Court:

- a. Appoint a receiver or other Court-supervised official on a provisional or permanent basis to effectuate equitable steps to stabilize and reform the management and governance of Casa Ruby as necessary, including but not limited to:
 - Obtain an equitable accounting of Casa Ruby's books and records;
 - Monitor all of Casa Ruby's financial decisions and transactions;
 - Assume control over Casa Ruby's bank accounts, finances and financial records;
 - Implement elections for a new Board of independent directors;
 - Reform Casa Ruby's corporate governance and management policies and procedures; and
 - Oversee and implement this Court's orders.
- b. Order an equitable accounting of books and records for Casa Ruby's finances;
- c. Impose a constructive trust or other equitable monetary relief over nonprofit funds improperly obtained by Ruby Corado, Casa Ruby LLC, Pneuma Behavioral Health LLC, or Tigloballogistics LLC d/b/a Casa Ruby Pharmacy, or any other individuals in violation of District law;
- d. Enter a declaratory judgment that Defendants Casa Ruby and Ruby Corado's failure to pay at least the minimum wage constitutes a violation of the MWRA;
- e. Enter an award of (1) all back wages unlawfully withheld from Casa Ruby's employees; (2) liquidated damages equal to treble the back wages unlawfully withheld; and (3) reasonable attorneys' fees and costs as authorized by D.C. Code §

32-1306(a)(2)(A)(i);

- f. Impose statutory penalties and other equitable relief as may be appropriate;
- g. Order such other relief as the Court determines to be just and proper.

Date: July 29, 2022

Amended Date: November 28, 2022

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on November 28, 2022, I served a copy of the foregoing First Amended Complaint on the following individuals via electronic mail and eFileDC:

Wanda Alston Foundation (jcrenshaw@wandaalstonfoundation.org)
Receiver for Casa Ruby, Inc.

Nick Harrison (nick@harrison-stein.com)
Counsel for Wanda Alston Foundation

Ruby Corado (rbycoradomd@gmail.com)
Pro se Defendant

/s/ Cara J. Spencer

CARA J. SPENCER