

**IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA**  
**Civil Division**

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**DISTRICT OF COLUMBIA,**  
a municipal corporation,  
400 6th Street, NW  
Washington, D.C. 20001,

Plaintiff,

v.

**PETRA MANAGEMENT GROUP, LLC,**  
650 Massachusetts Avenue, NW  
Suite 600  
Washington, D.C. 20001,

**4825-4829 NORTH CAPITAL ST L.L.C.,**  
1875 Connecticut Avenue, NW  
Washington, D.C. 20009,

**5616 13<sup>TH</sup> ST NW L.L.C.,**  
1734 20<sup>th</sup> Street, NW  
Washington, D.C. 20009,

**743 FAIRMONT ST NW LLC,**  
1734 20<sup>th</sup> Street, NW  
Washington, D.C. 20009,

**RASHID SALEM**  
26223 Andrews Grove  
Montgomery, TX 77316,

Defendants.

Case No.:

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**COMPLAINT**

Plaintiff the District of Columbia (the “District”) brings this action against Defendants 4825-4829 North Capital St L.L.C., 5616 13<sup>th</sup> St NW L.L.C., 743 Fairmont St NW LLC, (collectively, “the Property LLCs”), Petra Management Group, LLC, and Rashid Salem (all five

Defendants together, “the Petra Defendants”) for discriminatory practices that diminish the supply of vital, rent-controlled housing in the District, in violation of the Human Rights Act (“HRA”), D.C. Code §§ 2-1401.01, *et seq.*, and the Consumer Protection Procedures Act (“CPPA”), D.C. Code § 28-3904. In support of its claims, the District states as follows:

### **INTRODUCTION**

1. The District of Columbia faces a housing crisis. Affordable housing stock has trended downward while rents have trended upward, squeezing out low- and moderate-income tenants. The dearth of affordable housing in the District affects many, if not most, District residents.

2. For the District’s lowest-income residents, housing subsidy programs and government-owned public housing provide a variety of affordable housing options, including housing vouchers, critical for those tenants who qualify for them (“subsidized tenants”).

3. But the supply of subsidized housing is limited, and many low- and moderate-income District residents who require affordable housing do not have a subsidy or are on waitlists for subsidies. These “unsubsidized tenants” may struggle financially because the high cost of housing often forces them to pay rent that is more than half their monthly income.

4. Rent-stabilized housing, commonly referred to as “rent control,” provides a much-needed stopgap for unsubsidized tenants with limited means. In 2020, the most recent year for which data is available, the median rent in the District was \$2,554 per month for non-rent-controlled units, compared to \$1,442 per month for rent-controlled units.

5. Rent control applies to all rental units in the District constructed before 1976 unless there is an exemption. One exemption is when a landlord lawfully leases a rent-controlled unit to a subsidized tenant. That exemption enables the landlord to temporarily charge the government

more rent than they would be able to charge an unsubsidized tenant for the unit. When the subsidized tenant moves out, the unit must revert back to rent control.

6. To maximize their profits, the Petra Defendants have illegally exploited this subsidized tenant exemption to rent control by renting solely to subsidized tenants, to the deliberate exclusion of unsubsidized tenants, at three rent-controlled buildings they own and manage: “The Adams” at 4825-4829 N Capitol St NE, “The Keystone” at 743 Fairmont St NW, and “The Madison” at 5616 13<sup>th</sup> St NW. Together, these buildings contain over 100 units.

7. The illegal rent-maximization scheme the Petra Defendants have pursued at these buildings has proceeded in three steps. First, the Petra Defendants have demonstrated their intent to exclude unsubsidized tenants by financing the purchase of each building with representations to their lenders that they would *only* charge the government-subsidized rents for the units, which can be thousands of dollars more than the rent-controlled rents unsubsidized tenants pay. Second, the Petra Defendants have advertised vacant units in each building at the maximum subsidized rent the government will pay, rather than the lawful, rent-controlled rent. Finally, the Petra Defendants have rented only to subsidized tenants at the higher rents, deliberately excluding unsubsidized tenants, including those with limited means. For example, at The Adams, one three-bedroom unit would be leased to an unsubsidized tenant for \$1,000.25, but the Petra Defendants have advertised and rented it at the much higher maximum subsidized rent instead, \$3,131.00 per month.

8. The Petra Defendants’ rent-maximization scheme is illegal because the exclusion of unsubsidized tenants is discrimination against those tenants based on their source of income, which violates the HRA. The Petra Defendants’ rent-maximization scheme is also illegal because, in violation of both the HRA and CPPA, the Petra Defendants falsely and misleadingly advertise vacant units only at the higher subsidized rates. These are rates the Petra Defendants are prohibited

from charging, except to a subsidized tenant *after* obtaining an exemption from rent control, which they do not have at the time of advertisement.

9. As a result of their illegal rent-maximization scheme, the Petra Defendants prevent unsubsidized tenants who need affordable housing from renting over 100 units at The Adams, The Keystone, and The Madison, even while they pocket public dollars intended to create *more* affordable housing options, not *less*. The Petra Defendants' actions establish a pattern or practice of refusing to rent to unsubsidized tenants based on their source of income.

10. In this action, the District seeks declaratory and injunctive relief, restitution, damages, civil penalties, costs, and attorney's fees against the Petra Defendants for their unlawful leasing and advertising practices, which shut out unsubsidized tenants who are in need of affordable housing.

### **JURISDICTION**

11. This Court has subject matter jurisdiction over this case pursuant to D.C. Code § 11-921(a).

12. This Court has personal jurisdiction over all Defendants pursuant to D.C. Code § 13-422 because they each own property, caused tortious injury by violating the CPPA and HRA, or transact business in the District.

### **PARTIES**

13. Plaintiff District of Columbia, a municipal corporation, 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 conducts the District's legal business and is responsible for upholding the public interest. D.C. Code § 1-301.81(a)(1). The Attorney General is expressly

authorized to enforce the HRA, *see* D.C. Code § 2-1403.16a, and the District’s consumer protection laws, including the CPPA. *See* D.C. Code § 28-3909.

14. 4825-4829 North Capital St L.L.C. is a District of Columbia limited liability company with a principal place of business at 1875 Connecticut Avenue NW, Floor 10 Suite 10019, Washington, D.C. 20009. The LLC owns the property at 4825-4829 N. Capitol Street, NE, Washington, D.C., 20011, which is doing business as “The Adams.” According to records filed at the Department of Licensing and Consumer Protection, Defendant Rashid Salem is the owner and sole member of this LLC.

15. 743 Fairmont St NW LLC is a District of Columbia limited liability company with a principal place of business at 1734 20<sup>th</sup> Street NW, Washington, D.C. 20009. The LLC owns the property at 743 Fairmont Street NW, Washington, D.C. 20001, which is doing business as “The Keystone.” According to records filed at the Department of Licensing and Consumer Protection, Defendant Rashid Salem is the owner and sole member of this LLC.

16. 5616 13th St NW L.L.C. is a District of Columbia limited liability company with a principal place of business at 1734 20<sup>th</sup> Street NW, Washington, D.C. 20009. The LLC owns the property at 5616 13<sup>th</sup> Street NW Washington, D.C. 20011, which is doing business as “The Madison.” According to records filed at the Department of Licensing and Consumer Protection, Defendant Rashid Salem is the owner and sole member of this LLC.

17. Defendant Petra Management Group, LLC is a District of Columbia limited liability company, with a principal place of business at 650 Massachusetts Avenue NW, Suite 600, Washington, D.C., 20001. Petra Management Group manages The Adams, The Keystone, and The Madison.

18. Defendant Rashid Salem is the owner and sole member of Petra Management Group, LLC and owns at least eleven (11) multifamily residential buildings in the District, all of which are managed by Defendant Petra Management Group. As the sole member and only Beneficial Owner of the Property LLCs and Petra Management Group, Defendant Salem controls or has knowledge of all aspects of Petra's business. His principal place of business is 650 Massachusetts Avenue NW, Floor 6, Suite 101/112, Washington, D.C. 20001. Upon information and belief, he controls and has knowledge of the rental practices of the Property LLCs, which are all managed by Petra Management Group, including how the buildings are purchased through loans, how the property units are advertised, and at what rate they are leased.

## **FACTS**

### **Importance of Rent-Controlled Housing in the District**

19. The Council of the District of Columbia created the District's Rent Stabilization Program to respond to the District's shortage of rental housing, and particularly the disproportionate impact this shortage has on low- and moderate-income renters in the District's housing market. D.C. Code §§ 42-3501.01 *et seq.*

20. Because rent increases in rent-controlled housing are capped, rent control protects District residents against rapidly increasing housing costs. Rent control thus provides affordability and stability for numerous unsubsidized tenants. Unlike unsubsidized tenants in non-rent-controlled housing—who may face unexpected major rent hikes, with no limits under District law—tenants in rent-controlled housing can better predict rent increases and budget accordingly. Research suggests that this price stability in rent-controlled housing leads to longer tenancies and fewer evictions.

21. Rent control protections apply to all rental housing in the District built before 1976, unless a specific exclusion or exemption applies. Under District law and regulation, landlords must register all rental units with the Rental Accommodations Division at the District’s Department of Housing and Community Development as either subject to or exempt from rent control, and must disclose to prospective tenants who apply to lease a unit whether the unit is rent-controlled or eligible for an exemption to rent control.

### **The Potential for Exploiting the Exemptions to Rent-Controlled Housing**

22. Like rent control, housing subsidies play a vital role in providing District residents with affordable housing options. Subsidized tenants may use their housing vouchers anywhere in the District, and vouchers are valued to maximize tenant opportunities to live anywhere.

23. When a rent-controlled unit is leased to a subsidized tenant, the owner can claim an exemption from the Rent Stabilization Program for the unit. The exemption may allow the owner to charge a rate higher than the rent-controlled rate. The exemption applies only to the unit, not the entire building, and it only exempts the unit while that subsidized tenant lives there. The unit is immediately subject to rent control as soon as the subsidized tenant’s lease ends and the tenant vacates.

24. Some unscrupulous owners of rent-controlled properties exploit these regulations to pocket public dollars intended to create more affordable housing options. Even though they do not have what is required to charge the higher, government-subsidized rate when they put a unit on the market—i.e., a *specific* tenant, with a *specific* subsidy, for that *specific* unit—these owners advertise at the higher rate, instead of the rent-controlled rate. Then, having made the unit available only at the higher rate, they rent the unit at that rate, instead of the rent-controlled rate. With this scheme, these owners circumvent rent control and discriminatorily shut out its intended

beneficiaries—unsubsidized tenants with limited means who cannot afford the higher rates for subsidized tenants.

**The Petra Defendants Have Intentionally Eroded the Availability of Rent-Controlled Housing by Discriminating Against Tenants Based on Their Source of Income**

25. The Petra Defendants have successfully pursued this discriminatory scheme to exclude unsubsidized tenants with limited means by circumventing rent control at The Adams, The Keystone, and The Madison.

26. The Petra Defendants' scheme is evident in every aspect of their business plan: from their original purchase of the buildings, to their marketing of the units, to their leasing of the units, and finally to their failure to comply with the District's Rent Stabilization Act's disclosure requirements.

27. Defendant Salem, through the three single-use Property LLCs, purchased three rent-controlled properties—The Adams, the Keystone, and The Madison—with the goal of excluding unsubsidized tenants from renting units at rent-controlled rates.

28. Defendant Salem, through the Property LLCs, secured the funding to purchase these buildings by providing potential lenders with pro forma financial documents that projected gross rental income not based on the rent-controlled rates required to be charged in the buildings, but instead based exclusively on the District's maximum subsidy rental rates—again, rates the Petra Defendants could legally charge only when and if a subsidy holder leases and occupies a specific unit.

29. By conveying to lenders that they planned to earn an amount of money *only* possible through exemptions *for every single unit* at The Adams, The Keystone, and The Madison, Defendant Salem and the Property LLCs made clear from the start that their intent was to deprive unsubsidized tenants, including those with limited means, from leasing in the buildings.



30. The Petra Defendants also have broadcast their discriminatory intent through their advertising. Because The Adams, The Keystone, and The Madison are rent-controlled, the Petra Defendants must charge the rent-controlled rate for every unit, unless the unit is exempted, such as by renting to a subsidized tenant. But the Petra Defendants cannot know if a prospective tenant has a subsidy until the prospective tenant applies to rent; the Petra Defendants do not have that knowledge at the time of advertisement. Yet the rates the Petra Defendants advertise at The Adams, The Keystone, and The Madison are always higher—often thousands of dollars higher—than the rates the Petra Defendants are permitted to charge under rent control. These advertisements are misleading and deceptive about the allowable rent, with the intent of excluding unsubsidized tenants, including those with limited means.

31. For example, the sole unsubsidized, rent-controlled tenant at any of these three properties rents a studio at The Keystone for \$1,075 per month. This rent-controlled tenancy predates Defendant Salem’s purchase of the building, as the tenant has resided in The Keystone since 2004. But in 2023, the Petra Defendants advertised studio units at The Keystone for \$2,520 per month—the exact maximum rate that could be charged to a subsidy holder in that neighborhood at that time.

Keystone Apartments

Ask for details

All Studio 1 Bed 2 Beds

**Studio, 1 Bathroom** \$2,520 Available now View Available Units  
Studio • 1 Bath 412 Sqft Photos

**1 Bedroom, 1 Bathroom** \$2,648 Available now View Available Units  
1 Bed • 1 Bath 530 Sqft Photos

**2 Bedrooms, 1 Bathroom** \$3,056 View Details  
2 Beds • 1 Bath 10 Sqft Photos

Keystone Apartments  
Open Now  
First Name \* Last Name \*  
First Name Last Name  
Email \*  
email@example.com  
Phone  
( ) -  
 Yes, I'd be happy to receive text messages!  
Move-In Date \*  
m/d/y  
+ Tell us more  
 Get more apartment listings like this by email.  
Send Message  
This site is protected by reCAPTCHA. Google Privacy Policy

https://www.rentcafe.com/apartments/dc/washington/743-fairmont-st-nw/default.aspx  
Microsoft Edge 115.0.1901.200  
11:51:12 AM 8/11/2023  
Windows 10 Pro 64-bit Build 19045

Keystone Apartments ★★★★★ (1)

Ask for details

Floorplans Fees Amenities Reviews Location

All Studio 1 Bed 2 Beds

**Studio, 1 Bathroom** \$2,520 Available now View Details  
Studio • 1 Bath 412 Sqft Photos

**1 Bedroom, 1 Bathroom** \$2,648 Available now View Details  
1 Bed • 1 Bath 530 Sqft Photos

Email\*  
Move-In Date\*  
This site is protected by reCAPTCHA. Google Privacy Policy and Terms of Service apply.  
Send Message

TOP RATED FOR LOCATION  
Rating ★★★★★ (1)

Type here to search 38°F 10:54 AM 3/21/2024

32. The Adams, located in the Fort Totten neighborhood, had a three-bedroom unit rented for \$796 per month in 2019, prior to being acquired by the Petra Defendants. Using the District’s rent stabilization statute, and assuming one vacancy in the interim, that unit should cost \$953.53 per month in 2023. But in 2023, the Petra Defendants advertised three-bedroom units in

The Adams for \$3,131 per month—the exact maximum rate that could be charged to a subsidy holder in that neighborhood at that time.

33. At The Madison, a unit rented at \$1,016 per month in 2018, prior to the Petra Defendants' acquisition. Again, using the rent stabilization statute and also assuming one vacancy, this unit would rent for \$1,348.10 per month in 2023. But in 2023, the Petra Defendants advertised one-bedroom units in The Madison for \$2,648 per month—the exact maximum rate that could be charged to a subsidy holder in that neighborhood at that time.

34. Because the Petra Defendants advertise these unlawful rental rates while failing to disclose that the property is rent-controlled, unsubsidized tenants with limited means who would otherwise be able to afford the lawful rent control rates are kept from even applying for the units because they lack the financial wherewithal.

35. The Petra Defendants have repeatedly employed this advertising practice for all units that they advertise. They ignore the rent-controlled rates to which they are lawfully bound and instead exclusively advertise rates at the maximum they may charge a subsidized tenant.

36. Since purchasing The Adams, The Keystone, and The Madison, the Petra Defendants have never rented a vacant unit to an unsubsidized tenant.

37. The District's Rent Stabilization Program requires that all landlords disclose the rent control status to prospective tenants using a prescribed form. The Petra Defendants have completely ignored this requirement by never giving a prospective tenant the form.

38. The Petra Defendants' multifaceted, illegal scheme to profit by exploiting rent control exemptions to exclude unsubsidized tenants with limited means from The Adams, The Keystone, and The Madison makes it more difficult for those individuals to find affordable housing in the District.

**CAUSES OF ACTION AGAINST ALL DEFENDANTS**

**COUNT I  
REFUSAL TO TRANSACT BASED ON  
SOURCE OF INCOME IN VIOLATION OF THE HRA**

39. All prior paragraphs are repeated and incorporated here.

40. The HRA is a remedial statute that is to be broadly construed and is designed “to secure an end . . . to discrimination” in the District on the basis of 23 protected traits, including source of income. D.C. Code § 2-1401.01.

41. The HRA defines “source of income” broadly to encompass income from all legal sources. *See* D.C. Code § 2-1402.02(29).

42. Under the HRA, it is an unlawful discriminatory practice “based on the actual or perceived . . . source of income” to “interrupt or terminate, or refuse or fail to initiate or conduct any transaction in real property.” D.C. Code § 2-1402.21(a)(1).

43. The Petra Defendants—under the direction of Defendant Salem—have created, are responsible for, and control the leasing policies and practices for the residential units at The Adams, The Keystone, and The Madison.

44. Under these policies and practices, the Petra Defendants refuse to rent to unsubsidized tenants at The Adams, the Keystone, and The Madison.

45. By refusing to rent to unsubsidized tenants at The Adams, The Keystone, and The Madison, Petra have refused or failed to initiate and conduct a transaction in real property based on source of income, in violation of D.C. Code § 2-1402.21(a)(1).

**COUNT II  
DISCRIMINATORY ADVERTISING  
BASED ON SOURCE OF INCOME IN VIOLATION OF THE HRA**

46. All prior paragraphs are repeated and incorporated here.

47. Under the HRA it is an “unlawful discriminatory practice” to make “any . . . statement, or advertisement, with respect to a transaction, or proposed transaction, in real property . . . [that] unlawfully indicates or attempts unlawfully to indicate any preference, limitation, or discrimination based on . . . source of income . . . of any individual.” D.C. Code § 2-1402.21(a)(5).

48. The Petra Defendants—under the direction of Defendant Salem—have created and are responsible for the advertising policies and practices for the residential units at The Adams, The Keystone, and The Madison.

49. The Petra Defendants have posted advertisements for the residential units at The Adams, The Keystone, and The Madison at a rate they cannot lawfully charge to unsubsidized tenants.

50. The Petra Defendants have advertised the residential units at The Adams, The Keystone, and The Madison at this rate because they intend to only lease to subsidized tenants.

51. The Petra Defendants cannot lawfully rent the residential units at The Adams, The Keystone, and The Madison at the advertised rates to unsubsidized tenants.

52. Because the Petra Defendants cannot lawfully rent the residential units at The Adams, The Keystone, and The Madison at the advertised rate to unsubsidized tenants, the Petra Defendants’ advertisements unlawfully indicate or attempt unlawfully to indicate” a “preference, limitation, or discrimination based . . . on the source of income of . . . any individual,” in violation of D.C. Code § 2-1402.21(a)(5).

**COUNT III  
MISREPRESENTATIONS AND OMISSIONS  
IN VIOLATION OF THE CONSUMER PROTECTION PROCEDURES ACT**

53. All prior paragraphs are repeated and incorporated here.

54. Like the HRA, the CPPA is a remedial statute that is to be broadly construed. The CPPA prohibits merchants from engaging in unfair or deceptive trade practices in connection with the offer, sale, and supply of consumer goods or services.

55. The CPPA prohibits deceptive acts or practices affecting District consumers, including by:

- a. making or causing to be made, directly or indirectly, explicitly or by implication, misrepresentations that goods or services have a source, sponsorship, approval, certification, accessories, characteristics, ingredients, uses, benefits, or quantities that they do not have. D.C. Code § 28-3904(a);
- b. making or causing to be made, directly or indirectly, explicitly or by implication, misrepresentations as to material facts which have a tendency to mislead consumers. D.C. Code § 28-3904(e);
- c. making or causing to be made, directly or indirectly, explicitly or by implication, misrepresentations that a transaction confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law. D.C. Code § 28-3904(e-1); and
- d. failing to state material facts, which omissions have a tendency to mislead. D.C. Code § 28-3904(f).

56. The Petra Defendants—under the direction of Defendant Salem—have created and are responsible for the advertising policies and practices for the residential units at The Adams, The Keystone, and The Madison.

57. The rental housing that the Petra Defendants offer at The Adams, The Keystone, and The Madison is for personal, household or family purposes and, therefore, is a consumer good or service. D.C. Code § 28–3901(a)(7).

58. Each Defendant, in the ordinary course of business, supplies consumer goods or services—namely apartment rentals—and therefore is a “merchant” under the CPPA. D.C. Code § 28–3901(a)(3).

59. District residents or other individuals who seek to rent residential units at The Adams, The Keystone, and The Madison are “consumers” under the CPPA because they are persons who “would [] lease [] consumer goods.” D.C. Code § 28–3901(a)(2).

60. The Petra Defendants’ representations to prospective tenants, including their advertisements of unit rents that are much higher than the rents legally authorized under the District’s rent control laws, are misrepresentations of material facts that have the tendency to mislead in violation of D.C. Code § 28-3904(e), misrepresentations of source, sponsorship, approval, certification, and characteristics in violation of D.C. Code § 28-3904(a), and misrepresentations that a transaction confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law, in violation of D.C. Code § 28-3904(e-1).

61. The Petra Defendants’ omissions, including their failure to disclose to prospective tenants the rent control status of their buildings in their advertisements, are omissions of material facts that have the tendency to mislead, in violation of D.C. Code § 28-3904(f).

62. Each act or practice engaged in by the Petra Defendants as recited herein constitutes a separate violation of the CPPA.

63. The Petra Defendants' violations of the CPPA present a continuing harm that affects the public interest.

### **PRAYER FOR RELIEF**

WHEREFORE, the District requests that this Court enter judgment in its favor and grant relief against the Petra Defendants as follows:

- (a) Declare that the Petra Defendants' practices are illegal in violation of the HRA and CPPA;
- (b) Permanently enjoin the Petra Defendants from violating the HRA and CPPA;
- (c) Order the Petra Defendants to pay restitution and damages in an amount to be proven at trial;
- (d) Order the Petra Defendants to pay civil penalties to the District;
- (e) Award the District its reasonable attorneys' fees and costs; and
- (f) Grant such other and further relief as this Court deems appropriate.

### **JURY DEMAND**

The District of Columbia demands a jury trial.

Dated: January 29, 2025

Respectfully submitted,

SETH ROSENTHAL  
Chief Deputy Attorney General for  
the District of Columbia

/s/ Alicia M. Lendon  
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Chief, Civil Rights & Elder Justice Section  
Public Advocacy Division

/s/ Kevin Vermillion  
KEVIN VERMILLION [Bar No. 1739318]  
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