

SUPREME COURT FOR THE STATE OF NEW YORK
COUNTY OF NEW YORK

TIMOTHY MUI, HIEN TRANG NGUYEN,
and YIKUN CAI, on behalf of themselves, and
all others similarly situated,

Plaintiffs,

-v-

QSB NORTHERN LLC and THE DERMOT
COMPANY, L.P.

Defendants.

Dated Filed: August 27, 2025

Index No. _____
(NYSCEF Case)

SUMMONS

Plaintiffs designate New York
County as the place of trial. The
basis of venue is Defendants' principal
place of business.

TO THE ABOVE-NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance on the Plaintiffs' attorneys within twenty (20) days after the service of this summons, exclusive of the day of service (or within thirty (30) days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear and answer, judgment will be taken against you by default for the relief demanded in the complaint.

Dated: New York, New York
August 27, 2025

NEWMAN FERRARA LLP



By: _____

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**PLAINTIFFS’
CLASS ACTION COMPLAINT**

Plaintiffs Timothy Mui, Hien Trang Nguyen and Yikun Cai (“Plaintiffs”) individually, and on behalf of all others similarly situated, by and through their attorneys, bring this class action complaint against Defendants QSB Northern LLC (“QSB Northern”) and The Dermot Company, L.P. (“Dermot”) (“Defendants”).

INTRODUCTION

1. Defendant QSB Northern LLC is the owner-in-fee of the apartment building located at 29-22 Northern Boulevard, in Queens (the “Building”).
2. The Demort Company is the Building’s managing agent.
3. The Building participates in the 421-a Program, which requires landlords to register their units with the New York State Division of Housing and Community Renewal (“DHCR”), and that those apartments be treated as rent-stabilized.
4. Defendants have evaded the rent regulations in three ways.
5. First, Defendants evaded the 421-a Program’s requirements, and governing rent-stabilization laws, via the improper use of “concessions.”

6. RSC § 2521.2 provides that a “preferential rent” is triggered when the owner agrees to accept a sum that is lower than the unit’s legal regulated rent.

7. The Housing Stability and Tenant Protection Act (“HSTPA”) of 2019 provides that at renewal, a landlord can only increase a preferential rent by the permitted RGB increase.

8. In other words, the preferential rent functions precisely as a legal regulated rent does, during the entirety of a tenancy.

9. Here, Defendants improperly manipulated lease terms, and payment amounts, so that it could evade the protections afforded by HSTPA.

10. The Court of Appeals has made clear that landlords may only use rent concessions if permitted by agency guidance.

11. The agency has made clear that a “preferential rent is a rent which an owner agrees to charge that it is lower than the legally legal regulated rent the owner could lawfully collect” (DHCR Fact Sheet #40).

12. Plaintiff Nguyen first occupied Unit 1512 pursuant to a 12-month lease, with a purported rent of \$1,950.00.¹

13. However, Plaintiff Nguyen was also offered six weeks free on said lease, rendering the net effective rent \$1,706.00.

14. At renewal, Defendants pulled the concession, enabling it to take increases in excess of those allowed under the Rent Guidelines Board.

15. Further, the refusal to renew the concession also violated the rent regulatory prohibition that bars landlords from changing the terms and conditions of a rent-stabilized tenancy, at renewal (RSC § 2522.5[g]1)).

¹ Plaintiff Nguyen and his roommate were provided separate leases.

16. But rent concessions are not Defendants' only scheme, Defendants double dips on rent increases.

17. According to his DHCR Rent History, Plaintiff Timothy Mui's predecessor paid \$3,552.00.

18. Plaintiff Mui signed a one-year lease, meaning the permissible legal regulated rent for his unit was \$3,649.00 (\$3,552.00 with the permitted 2.75% Rent Guidelines Board increase).

19. Nevertheless, Defendants charged Plaintiff Mui \$3,832.71.

20. And then, although rent-regulated leases are supposed to be for a one- or two-year term, Plaintiff Timothy Mui was provided a thirteen (13) month lease, pursuant to which he paid the \$3832.71 for the first twelve (12) months.

21. In the thirteenth (13th) month, the rent increased to \$3,955.36.

22. When Plaintiff Mui renewed, Defendant took the permitted annual increase off of the \$3,955.36 figure, raising the rent to \$4,064.13.

23. In other words, by tacking an extra month onto Mui's original lease, Defendants were able to take a 6% increase for the renewal of Mui's original lease, rather than the 2.75% permitted by the Rent Guidelines Board.

24. Finally, at the time Plaintiff Nguyen first occupied Unit 1512, he was advised that Defendants would provide free WiFi, professional cleaning, and various housekeeping items, such as paper towels and detergent.

25. The aforementioned items are part of the "terms and conditions" of a rent-stabilized tenancy, and pursuant to the rent regulations, cannot be rescinded.

26. Nevertheless, upon renewal Defendant violated the rent regulations by discontinuing these items.

PARTIES

Plaintiffs

27. Plaintiff Timothy Mui occupies Apartment PH3D in the Building.
28. Defendants charged Plaintiff Mui rent increases in excess of those permitted by the Rent Guidelines Board.
29. Plaintiff Hien Trang Nguyen occupies Apartment 1512 in the Building.
30. Defendants offered Plaintiff Nguyen a concession, which was in reality a preferential rent, which was not renewed.
31. In addition, Defendants rescinded various terms and conditions of Plaintiff Nguyen's tenancy, including professional cleaning services, free WiFi, and an agreement to provide housekeeping items.
32. Plaintiff Yikun Cai occupies Apartment 2706 in the Building.
33. Defendants offered Plaintiff Cai a concession, which was in reality a preferential rent, which was not renewed.

Defendant

34. Defendant QSB Northern is a New York corporation which is the Building's fee owner.
35. Upon information and belief, QSB Northern conducts and transacts business in the County, City and State of New York.
36. Defendant Dermot is a Delaware limited partnership, and is the Building's managing agent.
37. Upon information and belief, Dermot conducts and transacts business in the County, City and State of New York.

THE APPLICABLE STATUTORY AND REGULATORY ENVIRONMENT

The Rent Stabilization Law and the Rent Stabilization Code

38. In 1969, citing a continuing shortage of residential rental housing, the New York City Council enacted a rent stabilization statute, the Rent Stabilization Law (“RSL”), N.Y. Unconsol. Law § 26-501 (McKinney).

39. Thereafter, the New York City Council gave DHCR authority to promulgate regulations in furtherance of the RSL. And DHCR did so by establishing the Rent Stabilization Code (“RSC”), N.Y. Comp. Codes R. & Regs. Tit. 9, § 2520.1, *et seq.*

40. The RSL and RSC limit the rent that landlords can charge and, *inter alia*, circumscribe the way landlords can raise rents, cover the cost of improvements, and deregulate apartments.

41. The rent that a landlord may charge for a regulated unit is based on an “initial legal rent.”

42. For the Building, that initial legal rent was to be based on the rent “charged and paid,” by the unit’s first tenant.

43. Landlords of rent-stabilized apartments may be entitled to increase rents:

- a. when permitted by the Rent Guidelines Board (“RGB”);
- b. following a DHCR approved Major Capital Improvement;
- c. an increase following a vacancy; and/or
- d. following Individual Apartment Improvements that are properly supported by documentation and made either during the vacancy of a unit or agreed upon by the tenant.

44. In New York City, the RGB annually sets the maximum rates for rent increases that are effective for rent stabilized leases commencing on or after October 1st of each year through September 30th of the following year. RSC § 2522.4.

The 421-a Program

45. In 1971, the New York State Legislature enacted the Real Property Tax Law (“RPTL”) § 421-a, which provides tax incentives for developers who construct new, market-rate, multi-family housing.

46. As a condition to receiving 421-a Program benefits, a building owner must provide its tenants with the protections of the rent stabilization laws, even if those apartments would otherwise be exempt.

47. Because those buildings participating in the 421-a Program, are new construction, an initial legal regulated rent must be established.

48. Under RSL § 26-517(a) (4), a landlord must register that legal regulated rent with DHCR.

49. RSC § 2521.1(g) provides, with respect to buildings participating in the 421-a Program, “[t]he initial legal regulated rent for a housing accommodation constructed pursuant to section 421-a of the Real Property Tax Law shall be the initial adjusted² monthly rent charged and paid but not higher than the rent approved by [the New York City Department of Housing and Preservation] pursuant to such section for the housing accommodation or the lawful rent charged and paid on April 1, 1984, whichever is later.”³

² “Adjusted” refers to the fact that the initial rent cannot include charges for “parking facilities, and electricity, gas, cooking fuel, and other utilities.” RPTL 421-a(1)(a)

³ Emphasis added.

HSTPA and Preferential Rents

50. RSC § 2521.2 provides that a “preferential rent” is a rent which the owner agrees to charge that is lower than the unit’s legal regulated rent

51. RSL § 26-511(c)(14), established as part of HSTPA, prohibits owners who offer tenants preferential rents from increasing the preferential rent upon a lease renewal in an amount which exceeds the RGB mandated increase.

DEFENDANTS’ PRACTICES TO DEPRIVE ITS TENANTS OF THE PROTECTIONS OF THE RENT STABILIZATION LAWS

52. Upon information and belief, all of the Building’s units are subject to the RSL because the Building received 421-a Program benefits

53. Upon information and belief, Defendants knowingly and willfully failed to comply with the 421-a Program’s requirements by, among other things, improperly registering the Building’s apartments with DHCR.

54. HSTPA requires that a landlord may only take an RGB increase off of a preferential rent.

55. To get around that prohibition, Defendants offered many of its tenants a “rent concession,” which provided for “free” rent of a month or more.

56. That “rent concession” is simply a preferential rent by another name.

57. Rather than give a discount each month, the landlord engaged in sleight-of-hand, and combined the discount into one or more months’ rent.

58. Whether termed a preferential rent, or a concession, the effect is the same - - the rent “charged and paid” by the tenant is **less** than the amount than was registered with DHCR as the initial legal registered rent.

59. Moreover, even setting aside the preferential rent issue, the concession was a “term and condition” of a rent-stabilized tenancy, and was required to be renewed.

60. Further, Defendants engaged in illicit rent increases through the use of a “13th Month” scam, such as that through which Defendant cheated Plaintiff Mui, as noted above.

61. Moreover, Defendants also failed to renew various amenities that had been offered in the Building, thus changing the “terms and conditions” of a rent-stabilized tenancy, in violation of law.

CLASS ALLEGATIONS

The Class and Sub-Class

62. This action may be properly maintained as a class action under the provisions of Article 9 of the CPLR.

63. The proposed Class is defined as all tenants at the Building, between August 27, 2019 and the conclusion of this action.

64. The Class seeks certification of claims for damages.

65. Unless the law is changed, Plaintiffs, and the members of the putative class, will **NOT** seek any penalties in the event the Class is certified.

66. In addition, Plaintiffs propose a Sub-Class consisting of all current tenants at the Building.

67. The Sub-Class seeks certification of claims for declaratory and injunctive relief as described more fully below.

Class and Sub-Class Meet Requirements for Certification

68. The Class and Sub-Class are so numerous that joinder of all members is impracticable.

69. Although the exact number and identities of the members of the Class and Sub-Class are currently unknown to Plaintiffs, it is reasonable to conclude that the practices complained of herein have effected more than one hundred (100) current and former tenants of the Building.

70. Nearly all factual, legal, and statutory issues that are raised in this Complaint are common to each of the members of the Class and Sub-Class and will apply uniformly to every member of the Class and Sub-Class.

71. The claims of the representative Plaintiffs are typical of the claims of each member of the Class, in that they arise out of the use of concessions to avoid the requirements of the rent-regulations, and the 421-a Program.

72. Plaintiffs, like all other members of the Class, sustained damages arising from the schemes to evade the rent stabilization laws.

73. The representative Plaintiffs and the members of the Class were, and are, similarly or identically harmed by the same unlawful, deceptive, unfair, systematic and pervasive pattern of misconduct.

74. The claims of the representative Plaintiffs are typical of the claims of each member of the Sub-Class.

75. Plaintiffs, like all other members of the Sub-Class, are entitled to the same declaratory and injunctive relief as the members of the Sub-Class.

76. The representative Plaintiffs will fairly and adequately represent and protect the interests of the Class and Sub-Class.

77. There are no material conflicts between the claims of the representative Plaintiffs and the members of the Class and Sub-Class that would make class certification inappropriate.

78. The counsel selected to represent the Class and Sub-Class will fairly and adequately protect the interest of the Class and Sub-Class, and they are lawyers who have experience in class and complex litigation and are competent counsel for this class action litigation.

79. Counsel for the Class and Sub-Class will vigorously assert the claims of all members of the Class and Sub-Class.

80. Upon certification of the Class, Plaintiffs will forego any claim to any penalty, or treble damages, unless existing law is changed, or modified.

81. This action is properly maintained as a class action in that common questions of law and fact exist as to the members of the Class and Sub-Class and predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy, including consideration of:

- a. the interests of the members of the Class and Sub-Class in individually controlling the prosecution or defense of separate actions;
- b. the impracticability or inefficiency of prosecuting or defending separate actions;
- c. the extent and nature of any litigation concerning the controversy already commenced by or against members of the Class and Sub-Class;
- d. the desirability or undesirability of concentrating the litigation of the claims in the particular forum; and
- e. the difficulties likely to be encountered in the management of a class action.

82. Among the numerous questions of law and fact common to the Class and Sub-Class are:

- a. whether the Defendants act or refuse to act on grounds generally applicable to the Plaintiffs, the Class, and the Sub-Class;
- b. whether the Defendants have established a pattern, practice, or policy of misrepresenting legal regulated rents;

- c. whether Defendants have established a pattern, practice, or policy of overcharging rent;
- d. whether Defendants' practices, acts, and conduct violate the RSL and RSC;
- e. to what extent Plaintiffs and members of the Class are entitled to damages; and
- f. to what extent Plaintiffs and members of the Sub-Class are entitled to declaratory and injunctive relief.

COUNT ONE
VIOLATION OF THE RENT STABILIZATION LAWS AND REGULATIONS
(on behalf of the Class)

83. Plaintiffs re-allege and incorporate by reference the allegations in ¶¶ 1 thru 82 of this complaint.

84. At all times relevant hereto, apartments of Plaintiffs and the Class were subject to the protections of the RSL.

85. Defendants entered into leases with Plaintiffs and the Class, which misrepresented the amount of rent Defendant was legally permitted to charge and collect.

86. Defendants charged Plaintiffs and the Class rents in excess of the correct rent for their apartments.

87. Defendants overcharged Plaintiffs and the members of the Class an amount equal to the difference between their monthly rents and the appropriate rent-stabilized rents.

88. Plaintiffs and members of the Class are entitled to recover monetary damages from Defendants based on the unlawful overcharges, together with an award of interest thereon.

89. Further, Defendants rescinded many of the amenities offered to Plaintiffs and the members of the Class, and are liable to them for monetary injury sustained thereby.

COUNT TWO
VIOLATION OF THE RENT STABILIZATION LAWS AND REGULATIONS
(on behalf of the Sub-Class)

90. Plaintiffs re-allege and incorporate by reference the allegations in ¶¶ 1 thru 82 of this complaint.

91. A justiciable controversy exists between the parties in that, among other things, Plaintiffs and the members of the Sub-Class allege that their respective apartments are subject to rent stabilization coverage, pursuant to the RSL.

92. Defendants entered into leases with Plaintiffs and the members of the Sub-Class, which incorrectly, falsely, and illegally, misrepresented the amount of rent Defendants were legally entitled to collect.

93. As described above, and upon information and belief, Defendants' conduct was wrongfully and unlawfully designed to deprive Plaintiffs, and members of the Sub-Class, of the protections of rent stabilization and the rules governing the 421-a Program.

94. A justiciable controversy exists in that, upon information and belief, Defendants dispute the Plaintiffs' contentions, including the amount of legally permissible rent for the Building's units.

95. Plaintiffs and members of the Sub-Class lack an adequate remedy at law.

96. By reason of the foregoing, Plaintiffs and members of the Sub-Class are entitled to a declaratory judgment adjudging and determining:

- a. the apartments, of Plaintiffs and members of the Sub-Class, are subject to the RSL and RSC;
- b. Plaintiffs and members of the Sub-Class are each entitled to a rent-stabilized lease in a form promulgated by DHCR;
- c. the amount of the correct legal regulated rent for the apartments of Plaintiffs and members of the Sub-Class;

- d. Plaintiffs and members of the Sub-Class are not required to pay any rent increases unless and until legally permissible rent-stabilized lease offers are made to, and accepted by, Plaintiffs and members of the Sub-Class; and
 - e. Defendants are required to restore previously available amenities.
97. Plaintiffs and members of the Sub-Class are also entitled to reformation of their leases to represent the actual amount of rent Defendant are legally entitled to charge Plaintiffs and members of the Sub-Class.

COUNT THREE
DECLARATORY RELIEF
(on behalf of the Sub-Class)

98. Plaintiffs re-allege and incorporate by reference the allegations in ¶¶ 1 thru 82 of this complaint.

99. A justiciable controversy exists between the parties in that, among other things, Plaintiffs and members of the Sub-Class allege that their respective apartments are subject to rent stabilization coverage.

100. Notwithstanding the clear requirements of the RSL and RSC, Defendant has not provided Plaintiffs and members of the Sub-Class with rent-stabilized leases and/or rent-stabilized leases in the correct amount, as required by law.

101. Moreover, as set forth in more detail above, and upon information and belief, Defendants' conduct, was willful and designed to remove the apartments of Plaintiffs and members of the Sub-Class from the protections of rent stabilization and to circumvent the requirements of the 421-a Program

102. Plaintiffs and members of the Sub-Class lack an adequate remedy at law.

103. By reason of the foregoing, Plaintiffs and members of the Sub-Class are entitled to a declaratory judgment adjudging and determining:

- a. the apartments of Plaintiffs and members of the Sub-Class members are subject to the RSL and RSC;
- b. Plaintiffs and members of the Sub-Class are each entitled to a rent-stabilized lease in a lease form promulgated by DHCR;
- c. the amount of the correct legal regulated rent for the apartments of Plaintiffs and members of the Sub-Class;
- d. any leases offered by Defendant to Plaintiffs and members of the Sub-Class are invalid and unlawful unless they are offered on lease forms and terms prescribed by DHCR;
- e. Plaintiffs and members of the Sub-Class are not required to pay any rent increases unless and until legally permissible rent-stabilized lease offers are made to, and accepted by, said Plaintiffs and members of the Sub-Class; and
- f. Defendants are required to restore previously available amenities.

COUNT FOUR
ATTORNEYS' FEES
(on behalf of the Class)

104. Plaintiffs re-allege and incorporate by reference the allegations in ¶¶ 1 thru 82 of this complaint.

105. Plaintiffs are entitled to seek an award of attorneys' fees pursuant to CPLR 909.

106. Plaintiffs are thus entitled to reasonable attorneys' fees, in a sum to be determined by the Court, but not less than \$500,000.00.

PRAYER FOR RELIEF

WHEREFORE, and for the foregoing reasons, Plaintiffs pray to this Court for the following relief:

- A. Certifying the Class and Sub-Class proposed by Plaintiffs, appointing the Plaintiffs as representatives of the Class and Sub-Class; and appointing Plaintiffs' counsel as Class Counsel for the Class and Sub-Class;
- B. Appropriate money damages against Defendants resulting from their willful and wrongful violation of the RSL and RSC and the governing requisites of the 421-a Program;
- C. Because Plaintiffs and members of the Sub-Class have no adequate remedy at law for Defendants' ongoing violations of the RSL and RSC, Plaintiffs requires injunctive relief in order to undertake all appropriate and corrective remedial measures, including, but not limited to, appointing an independent individual or entity to audit and undertake an accounting of every rent-stabilized and deregulated apartment at the Building and reforming leases to comply with the RSL and RSC, where necessary;
- D. Temporarily, preliminarily, and permanently enjoining Defendants from continuing to violate the RSL and RSC;
- E. A money judgment against Defendants for disgorgement of profits from fees earned as a direct and proximate result of rent overcharges and the unlawful extraction of other fees and charges;
- F. A money judgment against Defendants for judgment in the amount of Plaintiffs' attorneys' fees, costs and disbursements in an amount to be determined at a hearing or trial; and
- G. Granting such other and further relief as this Court deems just and proper.

DATED: New York, New York
August 27, 2025

NEWMAN FERRARA LLP



By: _____

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