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RECENT NEWS UPDATES

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Attorney General Bonta Announces Judgment Against Real Estate Investment Company for Unlawfully Evicting Tenants from Foreclosed Properties



CA Attorney Governor Rob Bonta

OAKLAND – California Attorney General Rob Bonta today announced a \$3.5 million judgment against Wedgewood, a Los Angeles county-based real estate investment company, resolving allegations that Wedgewood unlawfully evicted tenants from properties purchased at foreclosure sales. Wedgewood is a prominent player in residential foreclosures in California, buying, refurbishing, and selling foreclosed properties at a profit. In order to resell the properties quickly, Wedgewood removes any existing tenants and is alleged to have used a variety of unlawful and harassing tactics to accomplish this goal. Today's judgment will substantially reform Wedgewood's business model to ensure that tenants of Wedgewood-purchased properties are afforded full rights and protections under federal, state, and local laws.

"Too many Californians live on the precipice of eviction, worried that they and their family might someday be kicked out of their home," said Attorney General Bonta. "While we have strong protections in place for tenants of this state, there are still those companies who would skirt the law to turn a profit. As the People's Attorney, I am committed to using all the tools in my toolbox to advance housing access, affordability, and equity in California. Today's judgment is a step forward. As a result of my department's work, Wedgewood will flip its business model on its head, ensuring that tenants of its homes are afforded full protections under the law. I established the Housing Strike Force last month because addressing California's housing crisis is a priority of mine, and I will continue to devote staff and resources to this fight. This is only the beginning."

Wedgewood purchases homes at foreclosure auctions across California, refurbishes them as necessary, and then resells them — an investment strategy known as "flipping." To resell at a profit, however, Wedgewood must move quickly and remove any existing occupants on the property before offering it for sale, either through eviction or through "cash for keys" agreements where the occupants receive a cash payment to vacate. Although Wedgewood may have the right to evict lawful tenants from the properties that it purchases, that process can take several months or longer, and Wedgewood's business model relied upon its ability to move the properties off its books far more quickly — usually in days or weeks.

To achieve this goal, Wedgewood is alleged to have engaged in a variety of unlawful tactics, including depriving lawful tenants of their right to continue living on the property under a preexisting lease or for at least 90 days after foreclosure as provided under state and federal law; evicting tenants without just cause in rent-controlled jurisdictions; filing false declarations to support its unlawful evictions; and failing to provide essential utility services to tenants.

Today's judgment will substantially reform Wedgewood's business model with extensive injunctive terms, including:

- **Obligations Upon Purchase:** Wedgewood will be required to make a good faith determination as to any current occupants' tenancy status and whether the foreclosed property falls within the jurisdiction of a "just cause" ordinance. Wedgewood must also provide written notice to all known tenants of its determinations.
- **Cash for Keys Negotiations:** Wedgewood must document all "Cash For Keys" negotiations and comply with state and local laws regulating these agreements, including those mandating a minimum compensation.
- **Terminating Tenancy:** Wedgewood must comply with all local, state, and federal laws

governing the eviction process, including providing notice prior to eviction.

- **Employee Training and Compliance:** Wedgewood will be required to train all relevant employees on the rights of tenants living in foreclosed properties.
- **Monitoring and Reporting:** Wedgewood will be required to provide regular reports to the Attorney General documenting its compliance with the injunctive provisions of this judgment.
- **\$3.5 Million Monetary Payment:** Wedgewood must pay \$2.75 million in restitution for unlawfully evicted tenants; \$250,000 in civil penalties; and \$500,000 to support programs and related activities that benefit California tenants or help combat homelessness in California.

Attorney General Bonta is committed to advancing housing access, affordability, and equity in California. Last month, Attorney General Bonta announced the *creation of a Housing Strike Force*¹ within the California Department of Justice and the convening of a series of tenant roundtables across the state. The Housing Strike Force encourages Californians to send complaints or tips related to housing to housing@doj.ca.gov. Attorney General Bonta also launched a *Housing Portal*² on DOJ's website with resources and information for California homeowners and tenants. Information on legal aid in your area is available at <https://lawhelpca.org>.

The judgment is subject to court approval. A copy of the stipulated judgment and complaint can be found at <https://oag.ca.gov/system/files/attachments/press-docs/Stipulated%20Judgment.pdf> and <https://oag.ca.gov/system/files/attachments/press-docs/Complaint.pdf>.

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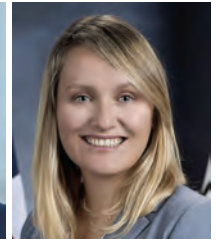
¹ <https://oag.ca.gov/news/press-releases/attorney-general-bonta-launches-housing-strike-force-announces-convening-tenant>

² <https://oag.ca.gov/housing>

Here are the committee changes announced by Speaker Anthony Rendon. Assembly member Buffy Wicks will be the next Housing Chair.

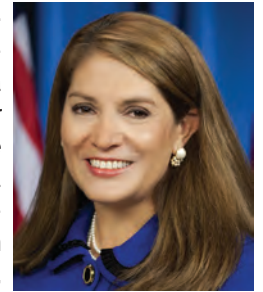


CA Assembly
Anthony Rendon



CA Assembly
Buffy Wicks

Communications and Conveyance. I have appointed Assemblymember Sharon Quirk-Silva to replace Assemblymember Miguel Santiago as Chair of the Assembly Communications and Conveyance Committee. Assemblymember Santiago has been removed from the committee, creating a Democratic vacancy.



Sharon Quirk-Silva

Governmental Organization. I have appointed Assembly member Miguel Santiago to replace Assemblymember Jim Frazier as Chair of the Assembly Governmental Organization Committee. Assemblymember Frazier has been removed from the committee.



Miguel Santiago

Housing and Community Development. I have appointed Assemblymember Buffy Wicks as Chair of the Assembly Housing and Community Development Committee.

Buffy Wicks
image shown above

I have also made the following change to the Democratic Leadership for the 2021-22 Regular Session:

Assistant Majority Leader

I have appointed Assemblymember Christopher Ward to replace Assemblymember Ed Chau as Assistant Majority Leader.



Christopher Ward