

NO. 14-CI-05360

JEFFERSON CIRCUIT COURT
DIVISION TWO (2)
JUDGE JAMES M. SHAKE

VIRGINIA CHAPPEL, et al., individually and
on behalf of classes of similarly situated
persons

PLAINTIFFS

v.

**FIRST AMENDED CLASS ACTION COMPLAINT
FOR INJUNCTIVE AND OTHER RELIEF**

MANAGEMENT – SSK, LLC

DEFENDANTS

* * * * *

PRELIMINARY STATEMENT

1. This action seeks injunctive relief and damages on Plaintiffs' behalf, individually, and as representatives of classes of consumers affected by the unfair, unconscionable, false, misleading and deceptive business practices of defendants Management – SSK, LLC and Augusta Home Sales, LLC (collectively “SSK”).

2. SSK owns and operates multiple mobile home parks throughout the Commonwealth of Kentucky. In this county, SSK owns and operates mobile home parks, including (but not limited to): Ashley Pointe, Autumn Lake Pointe, Barrington Pointe, Johnsontown Pointe, Logans Pointe and Mills Pointe. Parks across the Commonwealth are collectively referred to as the “SSK Parks”. Within the various SSK Parks, residents may choose between three options for living arrangements: (A) residents may purchase a mobile home from an independent owner or manufacturer and park it in an SSK Park by renting a lot with utility connections at monthly rates of approximately \$300 per month; (B) residents may rent a mobile home directly from SSK at costs that exceed \$800 per month; or (C) residents may purchase a mobile home directly from SSK.

3. Many, if not all, mobile homes owned by SSK and sold or leased by them once belonged to residents that were forced to abandon their homes after an improper eviction. For many years, SSK has carried out a plot designed to force its mobile home park residents to lose their homes. SSK unfairly evicts residents, whose monthly payments to SSK have been satisfied, on the basis of a “non-renewal of lease” or, in other cases, following rejection of timely and properly paid rent. These evictions compel residents to abandon mobile homes that they own because the cost to relocate is so high. SSK seizes the abandoned home, re-leases it to a new tenant at a higher monthly lease or sells it to a new consumer and, in the process, builds a substantial fortune while displaced families are left homeless. If the plot does not work and a resident is able to afford to move the mobile home, the resident is forced to incur substantial debt and damage to his or her home to move it.

4. Such practices threaten Plaintiffs with the risk of losing their homes, an immediate and irreparable harm. Plaintiffs request that the Court enter injunctive relief, prohibiting SSK from further evicting any resident of the various parks until this matter is resolved, a permanent injunction enjoining such practices in the future, an award of compensatory damages upon final adjudication and an award of punitive damages to prevent similar such practices in the future.

PARTIES AND JURISDICTION

5. Plaintiffs are residents of the Commonwealth of Kentucky and are current or former residents of the SSK Parks.

6. Defendants Management – SSK, LLC and Augusta Home Sales, LLC are companies organized and existing under the laws of the Commonwealth of Kentucky and conducting extensive business in this judicial circuit.

7. This Court has subject matter jurisdiction and venue is proper. Plaintiffs' claims involve an amount in excess of the jurisdictional limit of this Court and a substantial amount of the conduct giving rise to this matter occurred in Jefferson County, Kentucky.

FACTUAL ALLEGATIONS

8. As detailed above, Plaintiffs are victims of a plot by SSK to seize their mobile homes and re-lease or re-sell them at a substantial profit.

9. SSK owns more than ten mobile home parks across the state, many with more than 300 manufactured homes in each park.

10. Many, if not all, SSK Parks do not offer residents a long-term lease. SSK Parks claims that it can evict a tenant with thirty days' notice for any reason.

11. These limited protections enable SSK to evict residents of the SSK Parks based on a "non-renewal" of a lease, even if a resident owns their own home, has been an upstanding member of the SSK community at issue for several years, and has paid all of their monthly rent to SSK.

12. To fill the lots, SSK guarantees mortgage payments to third party lending companies, including but not limited to MH Acceptance, LLC, a lending company owned by the same people that own SSK.

13. These finance companies provide a monthly report to SSK identifying which tenants are behind on mortgage payments.

14. SSK holds a monthly meeting, wherein managers of each of its parks are required to report on the account status of every SSK tenant, including whether each tenant is current on his or her lot rent, and whether each tenant is current on his or her mortgage.

15. SSK instructs its managers to stop accepting lot rent for payments for tenants that have missed a mortgage payment.

16. In many cases, SSK rejects lot rent payments for other, unknown reasons.

17. SSK has no contractual right to reject rent payments.

18. SSK then seeks eviction of these tenants that attempted to make lease payments, and misrepresents to eviction courts the basis for eviction, that lease payments have been missed.

19. Residents are then faced with a difficult choice: spend up to \$5,000 or more to move a mobile home to a new park, within seven days of an eviction judgment, or abandon the trailer.

20. Residents that are able to afford the move are forced to sacrifice their savings or go deep into debt to afford the move. These residents suffer further damages because the process of moving a mobile home is difficult and often leads to damage to the mobile home.

21. When wrongly evicted tenants attempt to move their mobile homes, they are often blocked and prevented from doing so.

22. When tenants are able to hire a moving company, those companies are wrongly told that SSK will not allow the trailer to be moved.

23. Residents that cannot afford the moving fee must abandon their mobile home, leaving them homeless.

24. SSK profits from these practices. It seizes the mobile home and re-leases it to a new resident, enabling it to collect more rent than it would have otherwise received. It further allows SSK to re-sell the mobile home to a new and unsuspecting resident, reaping a huge profit.

25. These practices further enable SSK to avoid honoring their guarantees to finance companies.

26. SSK keeps a running list of valuable trailers throughout the park whose mortgages are satisfied or near satisfaction, and SSK owners brag to SSK employees about which trailers are targeted for eviction.

27. SSK's wrongdoing has caused and will continue to cause irreparable harm to Plaintiffs, by causing economic loss, which is unascertainable at this time, and future economic loss, which is now incalculable, the risk of home loss, actual homelessness, and emotional distress.

28. Unless SSK's conduct is restrained and enjoined, Plaintiffs and individuals similarly situated will continue to be the victims of SSK's plot, the result of which will inflict severe, permanent and irreparable damages on Plaintiffs and the class of individuals they represent.

29. In addition to the issues outlined above, SSK Park residents are routinely subjected to inordinately high utility bills. Residents have received water and sewer bills that are higher than normal water or sewer bills for a comparably sized residence, in some cases as high as ten times a normal bill.

30. SSK owns the water and sewer infrastructure within its parks and is obligated to maintain it. SSK, however, has breached that obligation and has failed to provide required maintenance and upkeep for these systems.

31. As a result, water and sewer infrastructure leaks, both underground and in crocks and ditches throughout the parks, exposing residents to unnecessary and dangerous pooling of water and raw sewage.

32. Leaking water infrastructure causes SSK's water and sewer bills to rise because such expenses are tied to the volume of water discharged from the system. SSK passes the costs

of its leaking system to its residents, forcing them to pay water bills that are substantially higher than normal usage.

33. SSK threatens eviction of any resident that does not pay its unusually high water bill, continuing its practice of using threats and the leverage of eviction court against its residents.

**COUNT 1:
KENTUCKY CONSUMER PROTECTION ACT [EVICTIION PRACTICES]**

34. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

35. SSK's conduct of evicting residents for the purpose of obtaining their homes constitutes unfair, unconscionable, false, misleading and deceptive acts or practices in the conduct of a trade or commerce and thus violates Kentucky's Consumer Protection Act, KRS § 367.170, *et seq.*

36. In addition to compensatory damages for emotional distress, lost mobile homes, damage to mobile homes, moving fees, interest, and court costs, Plaintiffs (and the other class members) are entitled to punitive damages and their attorneys' fees in prosecuting this action.

37. Further, Plaintiffs seek injunctive relief, prohibiting SSK from engaging in similar such conduct in the future.

**COUNT 2:
KENTUCKY CONSUMER PROTECTION ACT [WATER BILLS]**

38. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

39. SSK's failure to maintain utility infrastructure and passing the costs of leaking infrastructure onto residents and/or threatening to evict residents if they do not pay unfairly high

bills constitutes unfair, unconscionable, false, misleading and deceptive acts or practices in the conduct of a trade or commerce and thus violates Kentucky's Consumer Protection Act, KRS § 367.170, *et seq.*

40. In addition to compensatory damages for emotional distress, past bills, interest, and court costs, Plaintiffs (and the other class members) are entitled to punitive damages and their attorney's fees in prosecuting this action.

41. Further, Plaintiffs seek injunctive relief, prohibiting SSK from engaging in similar such conduct in the future.

**COUNT 3:
CONVERSION OR ATTEMPTED CONVERSION [EVICTIION PRACTICES]**

42. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

43. Notwithstanding SSK's plot to force mobile home park residents to lose their homes, Plaintiffs were, and still are, entitled to the immediate and exclusive possession of their homes.

44. The continued retention of these homes by SSK constitutes conversion.

45. SSK's efforts to seize homes that do not end in a successful seizure constitute an attempted conversion.

46. As a direct and proximate result of SSK's conversion or attempted conversion, Plaintiffs have sustained and will continue to sustain injury and damages in an amount to be determined by the evidence at trial.

47. SSK's conduct towards Plaintiffs includes oppression, fraud, and/or malice, further entitling Plaintiffs to an award of punitive damages.

48. Further, Plaintiffs seek injunctive relief, prohibiting SSK from engaging in similar such conduct in the future.

**COUNT 4:
ABUSE OF PROCESS [EVICITION PRACTICES]**

49. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

50. By engaging in the conduct set forth above, SSK has engaged in an irregular or wrongful use of civil proceedings for an ulterior purpose.

51. As a direct and proximate result of the wrongful use of civil proceedings, Plaintiffs have sustained and will continue to sustain injury and damages in an amount to be determined by the evidence at trial.

52. SSK's conduct towards Plaintiffs includes oppression, fraud, and/or malice, further entitling Plaintiffs to an award of punitive damages.

53. Further, Plaintiffs seek injunctive relief, prohibiting SSK from engaging in similar such conduct in the future.

**COUNT 5:
BREACH OF CONTRACT [EVICITION PRACTICES]**

54. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

55. By engaging in the conduct set forth above and abusing Kentucky's eviction procedures for the purpose of seizing Plaintiffs' homes, SSK breached its agreements with Plaintiffs.

56. As a direct and proximate result of defendants' breach, Plaintiffs sustained and will continue to sustain injury and damages in an amount to be determined by the evidence at trial.

**COUNT 6:
BREACH OF CONTRACT [WATER BILLS]**

57. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

58. By engaging in the conduct set forth above, failing to maintain utility infrastructure and passing on the costs associated with its failure to SSK Parks' residents, SSK has breached its agreements with Plaintiffs.

59. As a direct and proximate result of defendants' breach, Plaintiffs sustained and will continue to sustain injury and damages in an amount to be determined by the evidence at trial.

**COUNT 7:
BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
[EVICITION PRACTICES]**

60. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

61. By engaging in the conduct set forth above and abusing Kentucky's eviction procedures for the purpose of seizing Plaintiffs' homes, SSK breached the implied covenant of good faith and fair dealing in each of the parties' agreements.

62. As a direct and proximate result of defendants' breach, Plaintiffs have sustained and will continue to sustain injury and damages in an amount to be determined by the evidence at trial.

**COUNT 8:
BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
[WATER BILLS]**

63. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

64. By engaging in the conduct set forth above, failing to maintain utility infrastructure and passing on the costs associated with its failure to SSK Parks residents, SSK breached the implied covenant of good faith and fair dealing in each of the parties' agreements.

65. As a direct and proximate result of defendants' breach, Plaintiffs have sustained and will continue to sustain injury and damages in an amount to be determined by the evidence at trial.

CLASS ALLEGATIONS

66. Plaintiffs incorporate by reference the allegations previously set forth in this Complaint.

67. Plaintiffs bring this case as a class action on behalf of all individuals who:

- A. Own a mobile home in an SSK Park, were evicted based on a lease non-renewal and forced to sacrifice their mobile home to SSK;
- B. Own a home in an SSK Park, were evicted based on a lease non-renewal and forced to move their homes at a substantial cost and/or with damage to the home;
- C. Own a home in an SSK Park and fear unwarranted eviction due to a lease non-renewal by SSK; and
- D. Received an unnecessarily high water bill due to SSK's failure to maintain water and sewer infrastructure,

(collectively the “Classes”).

68. This action has been brought and may properly be maintained as a class action pursuant to Kentucky Rule of Civil Procedure 23 on behalf of Plaintiffs and all others similarly situated with the Classes, as defined above.

69. Members of the Classes are so numerous that their individual joinder is impracticable. Upon information and belief, the proposed Classes include hundreds of current and former residents of an SSK Park. The true number of members of the Classes is likely to be known to SSK, and they may be notified of the pendency of this action by first class mail, published notice or email notice.

70. There is a well-defined community of interest among members of the Classes. The claims of the representatives are typical of the claims of the Classes. The factual basis of SSK’s conduct is common to all members of the Classes and resulted in injury to all members.

71. The core questions of law and fact in this case are common to the Plaintiffs and members of the Classes and include whether SSK’s strategy of attempted and actual mobile home seizures through the eviction process: (A) was unfair, unconscionable, false, misleading, and/or deceptive and in violation of the Kentucky Consumer Protection Act; (B) constitutes conversion and/or attempted conversion; (C) constitutes an abuse of process; (D) constitutes breach of contract; (E) constitutes breach of the implied covenant of good faith and fair dealing; or (F) constitutes fraud.

72. Plaintiffs will fairly and adequately protect the interests of the Classes. Plaintiffs have retained counsel with substantial experience in consumer protection and class action claims. Plaintiffs and counsel are committed to vigorously prosecuting this action on behalf of the

Classes they represent and have the financial resources to do so. Neither Plaintiffs nor counsel have any interest adverse to those of the Classes.

73. Plaintiffs and members of the Classes have suffered harm and damage as a result of SSK's conduct. A class action is superior to other available methods for the fair and efficient adjudication of the controversy. Absent a class action, the vast majority of members of the Classes would likely find the cost of litigating their claims prohibitive and would have no effective remedy at law. Class treatment of common questions of law and fact is superior to multiple individual actions or piecemeal litigation in that class treatment will conserve the resources of the courts and litigants and promote consistency and efficiency of adjudication.

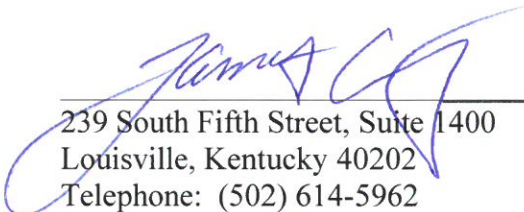
PRAYER FOR RELIEF

Accordingly, Plaintiffs request that the Court grant the following relief:

1. Preliminary and permanent equitable relief restraining SSK from refusing to renew any lease within any SSK Park throughout the Commonwealth of Kentucky for the purpose of attempting to force a resident to sacrifice their home;
2. Certify the Classes, appoint Plaintiffs as the respective Class Representatives, and appoint undersigned counsel as Class counsel;
3. Judgment in favor of Plaintiffs and the Classes, together with an award of compensatory damages;
4. An award of attorney fees, costs and expenses incurred in prosecuting this action;
5. Punitive damages;
6. Pre-judgment and post-judgment interest at the maximum rate allowed by law;
7. Trial by jury on all triable issues; and
8. All other relief to which Plaintiffs and the Classes may be entitled.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that a copy of Plaintiffs' First Amended Complaint was served by regular U.S. Mail on January 30, 2015 upon:

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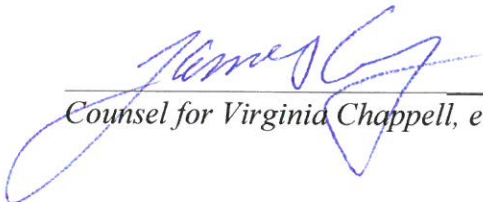
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