

STATE OF VERMONT
SUPERIOR COURT
WASHINGTON UNIT

IN RE: JMD Hospitality, LLC; and/or)
Hospitality Management of Rutland, Inc.;)
and/or Durga Enterprises, Inc.; and/or) Docket No. _____
COPS Inc.; and/or)
Rutland Sai Hospitality, LLC; and/or)
Anil Sachdev)

CIVIL DIVISION

ASSURANCE OF DISCONTINUANCE

Vermont Attorney General Charity R. Clark (“the Attorney General”) and JMD Hospitality, LLC (“JMD”), Hospitality Management of Rutland, Inc. (“HMR”), Durga Enterprises, Inc. (“Durga”), COPS, Inc. (“Cops”), Rutland Sai Hospitality, LLC (“SAI”), (collectively “the Respondent Contractors”) and their Chief Executive Officer, Anil Sachdev, (“Mr. Sachdev”) hereby agree to this Assurance of Discontinuance (“AOD”) pursuant to 9 V.S.A. § 2459.

REGULATORY FRAMEWORK

1. Vermont’s Consumer Protection Act prohibits “unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce.” 9 V.S.A. § 2453.

BACKGROUND

2. The State of Vermont faces an affordable housing crisis with critically low vacancy rates for rental housing and a corresponding increase in housing prices and rents.
3. For years, the State of Vermont has administered its General Assistance Program to provide temporary emergency housing for Vermonters in need of housing. *GA Rule 2600, et seq.; GA Rule 2652.*
4. In 2020, the Governor of the State of Vermont issued a series of emergency orders and declarations in response to the COVID-19 pandemic. See, e.g., <https://governor.vermont.gov/covid19response#State%20of%20Emergency>
5. As part of its pandemic response, the State of Vermont initiated a “Transitional Housing Program” (“THP”) that, for health and safety reasons, drastically increased access to temporary shelter at state expense while suspending aspects of the traditional General Assistance Program. *TH Rule 100, et seq.*
6. Respondent Contractors are for profit business corporations or limited liability companies organized under the laws of Vermont with their principal places of business listed as follows:
 - a. JMD, 3472 Airport Road, Barre, VT 05641
 - b. HMR, 253 South Main Street, Rutland, VT 05701
 - c. COPS, 101 Northfield Street, Montpelier, VT 05602
 - d. Durga, 3472 Airport Road, Barre, VT 05641
 - e. Sai, 101 Northfield Street, Montpelier, VT 05602
7. Mr. Sachdev resides in Vermont and is the Chief Executive Officer and owns an equity interest in each of the Respondent Contractors.

8. Under the terms of the THP, the State of Vermont Department for Children and Families (“DCF”) solicited Respondent Contractors to enter into occupancy agreements with Vermont residents in need of housing in consideration for direct monthly payments from DCF. *TH Rule 108, 109.*
9. DCF also provided security deposits to Respondent Contractors in the amount of \$3,300 for each occupied unit as a source of reimbursement for repairs required to restore the unit to a livable condition, including losses to furnishings as established by Respondent Contractors (“Damage Deposit”). *TH Rule 110.*
10. The Damage Deposit was refundable to DCF within thirty (30) days of termination of an occupancy agreement except to the extent a Respondent Contractor was able to provide photographic evidence of damage or excessive wear accompanied by an estimate of the cost/expense of repair or replacement. The Respondent Contractor was required to refund DCF the difference, if any, between the full Damage Deposit and the estimate of repair/replacement.
11. The THP included a provision whereby an occupant who had resided in a unit for at least four (4) months for which a Damage Deposit had been provided would be personally eligible to receive and retain all of the Damage Deposit otherwise refundable to DCF under the THP (“an Eligible Occupant”), subject to the same terms and conditions.
12. Respondent Contractors entered into occupancy agreements that are the subject of this inquiry and agreement with 429 Vermont residents for which Damage Deposits were received from DCF.

13. Based upon Respondent Contractors records, materially corroborated by reports submitted to DCF, the 429 Damage Deposits received by Respondent Contractors for Eligible Occupants may be properly categorized as follows:
- (a) those refundable to DCF by reason of subsequent occupant ineligibility (for failure to exhaust the 4-month residency requirement) and suitable for recoupment or retention (113);
 - (b) those for whom the occupant could not be located/contacted or were independently litigated (27);
 - (c) those who received a Waiver Notice [see 14(b)] (61); and
 - (d) all remaining occupants who have already received a full or partial Damage Deposit refund at the approximate time of departure (228).
14. If an occupied unit sustained damage, Respondent Contractors notified DCF or occupants that a charge against the Damage Deposit would be made using one of several methods:
- a) Utilizing reporting forms recommended by DCF;
 - b) Utilizing a notice prepared internally by staff without legal, professional, or administrative consultation which ambiguously stated the occupant “may have” caused damage to the unit with an offer to refund a stated amount of the total Damage Deposit in exchange for a waiver of further liability from the occupant (“Waiver Notice”); and
 - c) By refunding a reduced Damage Deposit without adequate supporting documentation, explanations or itemized evidence of specific damage or the actual cost to repair or replace.

15. Respondent Contractors generally failed to provide satisfactory evidence or documentation to DCF, or an occupant by which to establish when unit damage occurred.
16. Respondent Contractors generally failed to provide evidence or reliable documentation of actual expenses incurred or repairs made to remedy damages caused by occupants to a unit.
17. Respondent Contractors failed to perform or deliver all of the services they agreed to provide.
18. The Attorney General alleges that the above conduct constitutes unfair and deceptive acts and practices under 9 V.S.A. § 2453.

INJUNCTIVE RELIEF

Prohibition Against Violations of the Vermont Consumer Protection Act

19. Respondent Contractors shall cease and desist from any acts or practices that violate the Consumer Protection Act.
20. Respondent Contractors shall return any future security deposits issued to qualified occupants in compliance with THP Rules or other rules that may be issued by DCF from time to time.
21. Respondent Contractors shall issue written notice of any withholding of a future security deposit issued under THP Rules or other rules issued by DCF with an itemized list of damages specific to the occupant and specific to the unit.
 - a. The notice shall distinguish between damage that existed prior to the occupant taking possession of the premises and any actual damage the occupant is alleged to have caused.

22. Respondent Contractors shall deliver or mail the statement and any payment required to the last known address of the occupant if they have left or abandoned the premises.
- a. Respondent Contractors shall deliver copies of any notice and/or any payment required to DCF if the occupants have abandoned or cannot be located.
23. If Respondent Contractors fail to return a future security deposit with a damages statement at the time of exit (or fails to serve the same on DCF if the occupant has abandoned or cannot be located) Respondent Contractors forfeit the right to withhold any portion of the security deposit. If the failure is willful, Respondent Contractors shall be liable for double the amount wrongfully withheld.

RESTITUTION

24. Respondent Contractors shall ensure a restitution pool of \$ 310,000 paid to the Claims Administrator for distribution.
25. Respondent Contractors shall pay all, or any residual of, \$3,300 to all qualified, eligible occupants who received a defective notice alleging they “may have” caused damage to the premises and requiring waiver of any claims they may have had, and who received a payment less than \$3,300.
26. Respondent Contractors shall pay \$500, or any residual remainder of \$3,300 (if more than \$2,800 deposit had already been issued) to all other qualified, eligible occupants.
27. If Respondent Contractors are unable to make payments or identify the whereabouts of eligible occupants, those payments shall be forwarded to the State Treasurer Unclaimed

Property Division in the name of the eligible occupant; the entire unpaid residual balance of the restitution pool shall be returned to the State of Vermont in the payment provision set out below.

28. For purposes of effectuating these terms, Respondent Contractors shall at their sole expense retain a qualified Claims Administrator, approved by the Attorney General, to receive the restitution pool and perform distribution hereunder.

PAYMENT TO THE STATE

29. Respondent Contractors shall pay \$523,600.00 to the State of Vermont on or before July 1, 2024. Such amount is suspended for Respondent Contractor's cooperation in the investigation and resolution of this matter, and/or to ensure adequate funds are, have been, or will be put into repair, maintenance, and improvements of the subject premises.

30. Repair, maintenance, and improvements may include, but are not limited to:
- a. Pest extermination;
 - b. Structural repairs: windows, doors, roof/ceilings, etc.
 - c. Painting;
 - d. Carpeting (cleaning and/or replacement);
 - e. Replacement bedding (sheets, blankets, covers, pillows, mattresses);
 - f. Plumbing (sinks, toilets, drains, etc.);
 - g. Furniture/appliance repair or replacement within units (nightstands, tables, chairs, televisions, etc.);
 - h. Other approved expenses presented to the Office of the Attorney General deemed necessary or appropriate.

31. Respondent Contractors shall furnish the State of Vermont with written documentation of, or confirming, payments made for repairs, maintenance, or improvements at the subject premises of not less than \$523,600.00 on or before July 1, 2024.
32. Failure to make repairs, maintenance, or improvements – or to document the same – in the amount of at least \$523,600.00 on or before July 1, 2024 shall result in conversion of any unpaid balance to a penalty payable to the State of Vermont.
33. Pursuant to this Agreement the Damage Deposits received by Respondent Contractors from DCF have been, or shall be, disposed of approximately as follows:
 - a. \$372,900 suitable for recoupment by DCF, or suitable for retention for expenses for repairs, maintenance, or improvements, where an occupant did not satisfy the 4-month residency requirement;
 - b. \$295,645 to occupants who exited the program and were issued full or partial security deposit refunds at time of exit;
 - c. \$177,300 to occupants who received defective notice;
 - d. \$13,500 to former occupants who abandoned, or whose location was unidentifiable at the time of exit;
 - e. \$114,000 to all other qualified, eligible occupants; and
 - f. Not less than \$523,600 for repairs, maintenance, and improvements for the benefit of current or future occupants.
 - g. Any other remainder not issued previously or prospectively to occupants or recouped by the State of Vermont by the terms of this agreement shall be used for repair, maintenance or improvements of the subject premises for the benefit of current or future occupants.

OTHER TERMS

34. Respondent Contractors agree that this AOD shall be binding on it, and its successors and assigns.
35. The Attorney General hereby releases and discharges any and all claims arising under the Vermont Consumer Protection Act, 9 V.S.A. Chapter 63, that it may have against Respondent Contractors up to the AOD's effective date in relation to the subject matter of this investigation and AOD.
36. The Superior Court of the State of Vermont, Washington Unit, shall have jurisdiction over this AOD and the parties hereto for the purpose of enabling the Attorney General to apply to this Court at any time for orders and directions as may be necessary or appropriate to enforce compliance with or to punish violations of this AOD.
37. Acceptance of this AOD by the Attorney General's Office shall not be deemed approval by the Attorney General of any practices or procedures of Respondent Contractors not required by this AOD, and Respondent Contractors shall make no representation to the contrary.

STIPULATED PENALTIES

38. If the Superior Court of the State of Vermont, Washington Unit enters an order, following submissions by the parties, finding that Respondent Contractors have materially violated this AOD, then the parties agree that penalties to be assessed by the Court for each such violation shall be \$5,000.

NOTICE

39. Respondent Contractors may be contacted at:

Anil Sachdev
576 92nd Street
Brooklyn, NY 11209

And/or

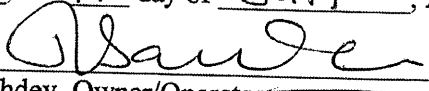
Registered Agent for service of a subject entity or property; Notice shall be provided to the Attorney General of any change of registered agent of a subject entity or property.

40. Respondent Contractors shall notify the Attorney General of any change to the method of contact described above.

SIGNATURE

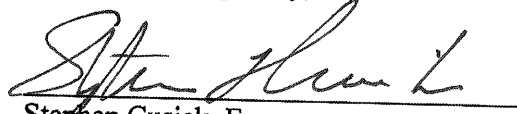
In lieu of instituting an action or proceeding against Respondent Contractors, the Office of the Vermont Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance. By signing below, Respondent Contractors voluntarily agree with and submits to the terms of this Assurance of Discontinuance.

DATED at Rutland Vermont, this 7th day of Jan, 2024.


Anil Sachdev, Owner/Operator
FOR RESPONDENT CONTRACTORS

Authorized agent of
JMD Hospitality, LLC; and/or
Hospitality Management of Rutland, Inc.
Durga Enterprises, Inc.; and/or
COPS Inc.; and/or
Rutland Sai Hospitality, LLC

AS TO FORM:


Stephen Cusick, Esq.
Main Street Law, LLP
15 East State Street, Unit 5
Montpelier, VT 05602

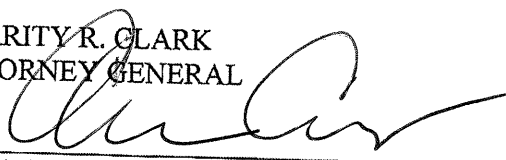
ACCEPTED on behalf of the Attorney General:

DATED at Montpelier, Vermont this 23rd day of January, 2024.

STATE OF VERMONT

CHARITY R. CLARK
ATTORNEY GENERAL

By:


Christopher J. Curtis, Assistant Attorney General
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