

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

127 Lakes Rd LLC, Summer Crest LLC, 18 Sergio Lane
LLC, Sergio Lane LLC, 9 Lake Region Blvd LLC, 111
Lake Region Blvd LLC, Pamela Lee

Plaintiffs,

v.

Town of Monroe

Defendant.

JURY TRIAL DEMANDED

Docket No. 7:23-cv-06048

AMENDED COMPLAINT

Plaintiffs, 127 Lakes Rd LLC, Summer Crest LLC, 18 Sergio Lane LLC, Sergio Lane LLC, 9 Lake Region Blvd LLC, 111 Lake Region Blvd LLC and Pamela Lee, by and through their attorney Yevgeny Levin, Esq., upon information and belief and by way of complaint assert the following:

PARTIES

1. 127 Lakes Rd LLC is a limited liability company registered in New York State on February 14, 2022. Its registered address is PO Box 405, Blooming Grove, NY 10914.
2. Summer Crest LLC is a limited liability company registered in New York State on February 25, 2021. Its registered address is 6 Turtle Knoll, Monroe, NY 10950.
3. 18 Sergio Lane LLC is a limited liability company registered in New York State on September 20, 2018. Its registered address is PO Box 405, Blooming Grove, NY 10914.
4. Sergio Lane LLC is a limited liability company registered in New York State on September 27, 2018. Its registered address is 12 Sergio Lane, Monroe, NY 10950.
5. 9 Lake Region Blvd LLC is a limited liability company registered in New York State on February 20, 2019. Its registered address is PO Box 405, Blooming Grove, NY 10914.

6. 111 Lake Region Blvd LLC is a limited liability company registered in New York State on January 05, 2021. Its registered address is PO Box 405, Blooming Grove, NY 10914.
7. 127 Lakes Rd LLC is the owner of 127 Lakes Rd., Monroe NY 10950, having acquired title on June 14, 2022.
8. Summer Crest LLC is the owner of 23 Pinecrest Lane, Monroe, NY 10950, 25 Pinecrest Lane, Monroe, NY 10950, 27 Pinecrest Lane, Monroe, NY 10950, 29 Pinecrest Lane, Monroe, NY 10950, 31 Pinecrest Lane, Monroe, NY 10950, 33 Pinecrest Lane, Monroe, NY 10950, 35 Pinecrest Lane, Monroe, NY 10950, 37 Pinecrest Lane, Monroe, NY 10950, 39 Pinecrest Lane, Monroe, NY 10950, 41 Pinecrest Lane, Monroe, NY 10950, 43 Pinecrest Lane, Monroe, NY 10950, 45 Pinecrest Lane, Monroe, NY 10950, 47 Pinecrest Lane, Monroe, NY 10950, 49 Pinecrest Lane, Monroe, NY 10950, 51 Pinecrest Lane, Monroe, NY 10950, 53 Pinecrest Lane, Monroe, NY 10950, 55 Pinecrest Lane, Monroe, NY 10950, 57 Pinecrest Lane, Monroe, NY 10950 and 59 Pinecrest Lane, Monroe, NY 10950. Title to these properties was acquired on September 24, 2018.
9. 18 Sergio Lane LLC is the owner of 18 Sergio Lane, Monroe, NY 10950, having acquired title on February 16, 2022.
10. Sergio Lane LLC is the owner of 11 Sergio Lane, Monroe, NY 10950, 12 Sergio Lane, Monroe, NY 10950, 15 Sergio Lane, Monroe, NY 10950, and 16 Sergio Lane, Monroe, NY 10950, having acquired title on December 4, 2018.
11. 9 Lake Region Blvd LLC is the owner of 9 Lake Region Blvd, Monroe, NY 10950, having acquired title on March 29, 2019.
12. 111 Lake Region Blvd LLC is the owner of 111 Lake Region Blvd, Monroe, NY 10950, having acquired title on June 22, 2021.

13. Pamela Lee is a natural person residing at 6 Turtle Knoll, Monroe NY 10950
14. 127 Lakes Rd LLC, Summer Crest LLC, 18 Sergio Lane LLC, Sergio Lane LLC, 9 Lake Region Blvd LLC, 111 Lake Region Blvd LLC, Family Trust for the Benefit of April Lynn Mitts shall hereinafter each be referred to as an “LLC” or collectively as the “LLCS”.
15. The LLCS and Pamela Lee shall each be referred to as a “Plaintiff” or collectively the “Plaintiffs.”
16. The defendant, the Town of Monroe is a municipal corporation organized and existing under the laws of the State of New York, with its principal place of business at (hereinafter the “Defendant” or “Monroe”).

STATEMENT OF FACTS

17. The Town Board of Monroe passed local law No. 3 on February 6, 2023 (the “Law”).
Monroe’s ability to pass the Law is authorized by Section 10 of the New York State Municipal Home Rule Law.
18. The text of the Law is attached hereto as “Exhibit A.”
19. Section 40-22(A)(9) of the Law provides that “it shall be unlawful for any one person or entity to own more than three (3) residential rental properties within the Town of Monroe. Principals with common ownership in more than one entity owning or operating a residential rental property in the Town shall be considered to be one entity.”
20. Pamela Lee is a member of each of the LLCS. Combined she owns more than three (3) residential unit under the Law. Thus, she had standing as an affected party under the Law.

JURISDICTION AND VENUE

21. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331, 1343(a), and 42 U.S.C. § 1983 for violation of Plaintiff's constitutional rights under the Fifth and Fourteenth Amendments of the United States Constitution as well as the Contracts Clause under Article I, Section 10, Clause 1 of the United States Constitution.

AS AND FOR THE FIRST CAUSE OF ACTION: UNCONSTITUTIONAL TAKING

22. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

23. The Fifth Amendment to the United States Constitution provides, in pertinent part: "nor shall private property be taken for public use, without just compensation." This clause, known as the Takings Clause, is applicable to the states through the Fourteenth Amendment as per the Supreme Court in *Chicago, Burlington & Quincy Railroad Co. v. Chicago* (1897).

24. Section 40-22(A)(9) of the Law provides that "[i]t shall be unlawful for any one person or entity to own more than three (3) residential rental properties within the Town of Monroe. Principals with common ownership in more than one entity owning or operating a residential rental property in the Town shall be considered to be one entity" (the "Three Rental Provision").

25. The Three Rental Provision of the Law deprives the plaintiff of their fundamental property rights without just compensation, as recognized by the Supreme Court in *Lucas*

v. South Carolina Coastal Council, 505 U.S. 1003 (1992),.

26. In the instant matter, Plaintiff's ability to rent out more than three (3) residential units deprives him of the value of the units, making Plaintiff unable to pay its expenses and earning a profit.

AS AND FOR THE SECOND CAUSE OF ACTION: VIOLATION OF DUE PROCESS

UNDER THE 14th AMENDMENT

27. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

28. The Fourteenth Amendment to the United States Constitution guarantees that no State shall "deprive any person of life, liberty, or property, without due process of law."

29. The Three Rental Provision of the Law that limits the number of units a landlord can rent to three (3) does not provide a hearing or other procedural safeguards, deprives Plaintiff of property rights without due process of law, in violation of the Fourteenth Amendment.

30. The Plaintiff's property interest emanates from their ownership of more than three rental units and the associated rights to lease these units to potential tenants. The aforementioned ordinance inhibits the Plaintiff from leveraging their property to its fullest extent, thereby severely limiting their ability to generate income from the same. The Defendant has not provided the Plaintiff with a fair process to contest this restriction or to request an exception, thereby breaching the procedural due process protections embodied in the Fourteenth Amendment .

31. Furthermore, the ordinance is arbitrary and capricious, lacking a rational relationship to a

legitimate governmental objective, thus violating the substantive due process guarantees of the Fourteenth Amendment.

32. Similarly, the law purportedly states the purpose of such a limitation is to prevent vermin, and the like. This is not rationally related to a limitation on the amount of homes one possesses.

**AS AND FOR THE THIRD CAUSE OF ACTION: VIOLATION OF THE EQUAL
PROTECTION CLAUSE**

33. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

34. The Fourteenth Amendment to the United States Constitution guarantees that no State shall "deny to any person within its jurisdiction the equal protection of the laws."

35. The Three Rental Provision of the Law limits the number of units a landlord can rent to three (3) creates a classification between landlords who own three or fewer properties and those who own more than three.

36. Section 40-22(A)(3) provides that "[i]t shall be unlawful for the owner or managing agent to allow for the Parking of more vehicles on the property than there are bedrooms in the rental property" (the "Two Cars Provision").

37. This causes a distinct inequity for those living in one-bedroom apartments. They distinctly become a lesser citizen, whom cannot economically participate in any activities that would require the use of more than one vehicle. Especially pertinent as a couple could easily rent a one bedroom as their abode.

38. The ability to own property, the right to contract, are fundamental rights. “Where fundamental rights are involved, the United States Supreme Court has held that the statute be subjected to the strict scrutiny test in order to determine whether it is in conflict with the equal protection clause. This strict scrutiny test requires the court to find a compelling State interest for upholding the statute. (*San Antonio Ind. School Dist. v Rodriguez*, 411 U.S. 1, 16.) The right of a parent to rear his or her child has been held to be such a fundamental right requiring the application of the strict scrutiny test.” (*Pierce v Society of Sisters*, 268 U.S. 510, 535; *Caban v Mohammed*, 441 U.S. 380.) *Matter of Miller*, 105 Misc. 2d 41, 46 (N.Y. Fam. Ct. 1980)
39. There is no legitimate State Interest in limiting the amount of vehicles that an abode may have. The tests to determine the validity of state statutes under the Equal Protection Clause have been variously expressed, but this Court requires, at a minimum, that a statutory classification bear some rational relationship to a legitimate state purpose. *Morey v. Doud*, 354 U.S. 457 (1957); *Williamson v. Lee Optical Co.*, 348 U.S. 483 (1955); *Gulf, Colorado Santa Fe R. Co., v. Ellis*, 165 U.S. 150 (1897); *Yick Wo v. Hopkins*, 118 U.S. 356 (1886). Though the latitude given state economic and social regulation is necessarily broad, when state statutory classifications approach sensitive and fundamental personal rights, this Court exercises a stricter scrutiny, *Brown v. Board of Education*, 347 U.S. 483 (1954); *Harper v. Virginia Board of Elections*, 383 U.S. 663 (1966). The essential inquiry in all the foregoing cases is, however, inevitably a dual one: What legitimate state interest does the classification promote? What fundamental personal rights might the classification endanger? *Weber v. Aetna Casualty Surety Co.*, 406 U.S. 164, 172-73 (1972)

40. Moreover, it is arbitrary and capricious that a renter should be limited to a boat but not car, or an ATV, but not a car, a car, but then not a boat. From a public policy perspective this is the antithesis of our governments stated monetary perspective being capitalism. If anything a government should be encouraging spending for taxation purposes if nothing else, and the inevitable stimulation of the economy.
41. The Town of Monroe is in an awkward backhanded sense becoming a totalitarian government determining how monetary expenditures can be made. Furthermore, it creates its own class stratification. One with a boat, and a car is inherently clearly more wealthy than one whom can only legally have a car. The Town of Monroe has removed personal, fundamental rights of ownership via their legislation.
42. One must ask how a law limiting you to a boat, ATV, or car is related to reducing vermin in homes.
43. The exact same stated arguments follow for the original law regarding home ownership. Section 40-22(A)(9) of the Law provides that “it shall be unlawful for any one person or entity to own more than three (3) residential rental properties within the Town of Monroe. Principals with common ownership in more than one entity owning or operating a residential rental property in the Town shall be considered to be one entity.”
44. This limitation again is an encumbrance on the fundamental right to own property, manage ones own business, and freedom to contract.
45. The Defendant fails to provide a rational basis for this differential treatment, as there is no legitimate governmental interest that justifies the ordinance's arbitrary restriction on the number of units a landlord can rent.
46. The Law thus treats similarly situated landlords in a disparate manner without a

compelling, substantial, or even rational basis, violating the equal protection guarantees of the Fourteenth Amendment.

47. In addition, Section 40-22(A)(8) of the Law provides that “[i]t shall be unlawful for any business to operate from a residential rental property.” This is arbitrary and capricious in that it does not allow certain professionals who work from home to conduct their business from home. It also would not allow working from home during a state of emergency that existed during the Covid pandemic.

**AS AND FOR THE FOURTH CAUSE OF ACTION: VIOLATION OF THE
CONTRACTS CLAUSE OF THE UNITED STATES CONSTITUTION**

48. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

49. Article I, Section 10, Clause 1 of the United States Constitution (the “Contracts Clause”) provides, inter alia, that “No State shall [...] pass any [...] Law impairing the Obligation of Contracts.”

50. The Three Rental Provision of the law that limits the number of units a landlord can rent to three (3) substantially impairs the Plaintiff's existing and future contractual relationships with tenants.

51. At the time of the enactment of the ordinance, the Plaintiff had existing contracts with tenants for more than three properties.

52. The ordinance, therefore, unconstitutionally interferes with the Plaintiff's right to enter into and maintain contracts, in violation of the Contracts Clause (Allied Structural Steel

Co. v. Spannaus, 438 U.S. 234, 242 (1978)).

53. Moreover, Section 40-22(A)(3) provides that “[i]t shall be unlawful for the owner or managing agent to allow for the Parking of more vehicles on the property than there are bedrooms in the rental property” (the “Two Cars Provision”).

54. As such Defendants are impairing the Obligation, and ability to contract of anyone whom may have more than one vehicle prior to the time this law was enacted. Quintessentially any tenant with an excessive amount of vehicles would be forced to sell their vehicle, or be subject to fines, and punishments.

55. Indeed additionally, Section 40-22(A)(5) provides that “[i]t shall be unlawful for the occupancy of any one bedroom to exceed two (2) persons” (the “Occupancy Provision”).

56. The implementation thereof would affect any families, renters, or anyone using a property with what has been deemed an excessive amount of persons. Further impairing the obligations of ongoing, and future contracts summarily.

**AS AND FOR THE FIFTH CAUSE OF ACTION: VIOLATION OF THE FAIR
HOUSING ACT**

57. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

58. Section 40-22(A)(5) provides that “[i]t shall be unlawful for the occupancy of any one bedroom to exceed two (2) persons” (the “Occupancy Provision”).

59. The Occupancy Provision discriminates against families with children, thereby infringing upon the Fair Housing Act (“FHA”), a key component of the Civil Rights Act of 1968,

which explicitly proscribes discrimination on the basis of familial status (42 U.S.C. §3604).

60. The law fails to consider the specific circumstances of the dwelling and has an adverse impact on larger families, thus constituting a violation of the FHA.
61. Additionally, Section 40-22(A)(4) provides that (the “Two Commercial Vehicle” provision) “[i]t shall be unlawful for the owner or managing agent to allow for the parking of more than one commercial vehicle on the property, which for the purposes of this section shall be defined to include any for -hire vehicle, recreational vehicle, travel trailer or boat.”
62. The Two Commercial Vehicle provision fails to take into consideration that a couple living in a one (1) bedroom apartment may each have a commercial vehicle and work independently of each other.
63. This provision similarly inhibits the ability for one to contract. Should a person not be allowed to purchase, rent, or lease anymore than one vehicle their ability to contract has been inhibited. The ordinance, therefore, unconstitutionally interferes with the Plaintiff’s right to enter into and maintain contracts, in violation of the Contracts Clause (*Allied Structural Steel Co. v. Spannaus*, 438 U.S. 234, 242 (1978)).
64. Furthermore, Section 40-22(A)(3) provides that “[i]t shall be unlawful for the owner or managing agent to allow for the Parking of more vehicles on the property than there are bedrooms in the rental property” (the “Two Cars Provision”).
65. The Two Cars Provision discriminates against a couple living in a one-bedroom apartment that both drive.

AS AND FOR THE SIXTH CAUSE OF ACTION: VIOLATION OF 42 U.S. CODE §1983
– DEPRIVATION OF RIGHTS UNDER THE FOURTEENTH AMENDMENT

66. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

67. The Defendants, acting under color of state law, has enacted the Three Rental Provision and the Occupancy Provision in a manner that deprives the Plaintiff of their rights under the Fourteenth Amendment of the United States Constitution.

AS AND FOR THE SEVENTH CAUSE OF ACTION: VIOLATION OF 42 U.S. CODE
§1983 – DENIAL OF EQUAL PROTECTION UNDER THE FOURTEENTH
AMENDMENT

68. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

69. By enforcing the Three Rental Provision, the Defendants have created a classification between landlords who own three or fewer properties and those who own more than three without a rational basis, thereby denying the Plaintiff equal protection of the laws as guaranteed by the Fourteenth Amendment to the United States Constitution.

70. By enforcing the No Consideration Provision, the Defendants have created a classification between landlords who want to purchase a residence for their children and who have three or fewer children and those who have more than three children without a rational basis, thereby denying the Plaintiff equal protection of the laws as guaranteed by the Fourteenth Amendment to the United States Constitution.

AS AND FOR THE EIGHTH CAUSE OF ACTION: VIOLATION OF 42 U.S. CODE §1983

– IMPAIRMENT OF CONTRACTUAL OBLIGATIONS

71. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

72. By enforcing the Three Rental Provision, the Defendant has substantially impaired the Plaintiff's existing and future contractual relationships with tenants, violating the Contracts Clause of the United States Constitution.

AS AND FOR THE NINTH CAUSE OF ACTION: VIOLATION OF 42 U.S. CODE §1983

– VIOLATION OF THE FAIR HOUSING ACT

73. Plaintiff repeats, reiterates, re-alleges, and incorporates by reference the allegations contained in the foregoing paragraphs.

74. The enforcement of the Occupancy Provision discriminates against families with children, violating the Fair Housing Act, a part of the Civil Rights Act of 1968.

75. The enforcement of the Two Commercial Vehicle provision discriminates against families who may be married or living together as a couple and who both work and require a commercial vehicle, violating the Fair Housing Act, a part of the Civil Rights Act of 1968.

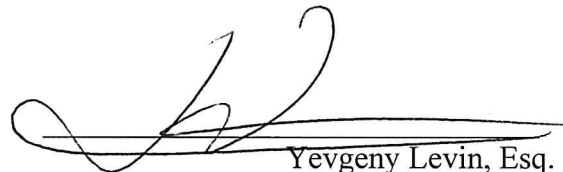
WHEREFORE, Plaintiffs pray for judgment against Defendant as follows:

76. That Defendant and its respective agents, servants, employees, attorneys, and any and all persons acting in concert or participating it, be preliminarily and permanently enjoined and restrained from enforcing the Law.
77. That this Honorable Court declare the law as unconstitutional in its entirety as violative of the Fifth and Fourteenth Amendments to the United States Constitution as well as the Contracts Clause under Article I, Section 10, Clause 1 of the United States Constitution.
78. If this court Honorable Court deems the Law as a public use under the Fifth Amendment to the United States Constitution, the Plaintiff is entitled to just compensation to be determined at trial, but in no event less than \$7,260,000.00.
79. The Plaintiffs be awarded costs and attorneys' fees.
80. That Plaintiffs be awarded punitive damages in view of Defendants' wanton and deliberate violation of the United States Constitution.
81. That Plaintiffs be awarded such other and further relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

82. Plaintiffs hereby demands a trial by jury of all triable issues raised by this Complaint.

Date: August ^{31st}, 2023



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