DISTRICT OF COLUMBIA COURT OF APPEALS

Maia Falconi-Sachs v. LPF Senate Square, LLC

Falconi-Sachs · No. 14-CV-433 · Decided July 7, 2016

SUMMARY

The District of Columbia Court of Appeals affirmed in part and reversed and remanded in part the dismissal of Maia Falconi-Sachs's claims concerning a $249.85 late-rent fee. The court affirmed dismissal of claims under the Consumer Protection Procedure Act, fraud, negligent misrepresentation, and unconscionability. It held that the unjust enrichment claim was adequately pleaded because the lease's late-fee provision could constitute an unenforceable penalty, and that the voluntary payment doctrine was an affirmative defense not appropriately resolved on a motion to dismiss.

CASE DETAILS

COURT	District of Columbia Court of Appeals
WRITING FOR THE COURT	Blackburne-Rigsby, Associate Judge; Easterly, Associate Judge; Pryor, Senior Judge
JURISDICTION	District of Columbia
DECIDED	July 7, 2016
DOCKET	14-CV-433
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from dismissal of an amended complaint under Superior Court of the District of Columbia Rule of Civil Procedure 12(b)(6) for failure to state a claim.
STANDARD OF REVIEW	The dismissal of a complaint under Rule 12(b)(6) is reviewed de novo. The court accepts factual allegations as true and draws reasonable inferences in the plaintiff's favor, while requiring factual allegations sufficient to raise a right to relief above the speculative level.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Maia Falconi-Sachs v. LPF Senate Square, LLC, Bozzuto Management Company, LLC

TOPICS

motions to dismiss · unjust enrichment · landlord tenant · liquidated damages · affirmative defenses

PRACTICE AREAS

civil procedure · appellate procedure · contracts · landlord tenant · remedies · consumer protection

QUESTIONS PRESENTED

1. Whether the Consumer Protection Procedure Act applies to claims arising from a landlord-tenant relationship.
2. Whether the complaint adequately pleaded fraud or negligent misrepresentation based on appellees' alleged representation that the late fee and related charges were legally due.
3. Whether unconscionability may be asserted as an affirmative cause of action for damages or restitution.
4. Whether the complaint adequately pleaded unjust enrichment despite the existence of a lease and the plaintiff's payment of the late fee.
5. Whether the voluntary payment doctrine supported dismissal of the unjust enrichment claim under Rule 12(b)(6).
6. Whether the alleged invalidity of the late-fee provision and the amount of anticipated damages presented factual questions unsuitable for resolution on a motion to dismiss.

HOLDINGS

1. The Consumer Protection Procedure Act does not apply to claims arising from landlord-tenant relations; dismissal of Falconi-Sachs's CPPA claims was proper.
2. The fraud claim was properly dismissed because the alleged representation concerned a matter of law rather than a misrepresentation of material fact.
3. The negligent misrepresentation claim was properly dismissed because the alleged misrepresentation concerned law, not a material fact.
4. The unconscionability claim was properly dismissed because common-law unconscionability generally operates as an affirmative defense rather than an independent cause of action for damages.
5. The existence of a lease did not automatically foreclose Falconi-Sachs's unjust enrichment claim because the claim alleged that the late-fee provision was invalid or unenforceable.
6. The complaint adequately pleaded that the ten-percent late fee was disproportionate to reasonably foreseeable damages and therefore potentially an unenforceable penalty; whether the fee was an improper penalty was a factual question not resolvable on a motion to dismiss.
7. The voluntary payment doctrine did not support dismissal because it is an affirmative defense, and the complaint neither established the defense on its face nor conclusively admitted facts requiring its application.

KEY QUOTATIONS

> *"To pass muster," a complaint must "allege the elements of a legally viable claim, and its factual allegations must be enough to raise a right to relief above the speculative level."* (5-6)

> *“Restitution claims of great practical significance arise in a contractual context, but they occur at the margins, when a valuable performance has been rendered under a contract that is invalid, or subject to avoidance, or otherwise ineffective to regulate the parties’ obligations.”* (12)

> *“In short, we conclude that appellant, pursuant to Rule 12 (b)(6), has duly stated a claim for unjust enrichment.”* (15)

> *“In sum, we hold that the trial court erred by dismissing appellant’s unjust enrichment claim.”* (20-21)

FACTUAL BACKGROUND

Falconi-Sachs and a co-lessee signed a one-year lease for an apartment at Senate Square in Washington, D.C., with monthly rent of $2,499. The lease imposed a late charge equal to ten percent of the monthly rent for payments not received by the fifth day of the month. After appellees sent a final notice concerning unpaid April rent, Falconi-Sachs paid a $249.85 late fee on April 21, 2012. She alleged that the fee was an unenforceable penalty and that appellees were unjustly enriched by retaining it.

PROCEDURAL HISTORY

Falconi-Sachs filed a putative class action in the Superior Court alleging that a residential lease late fee violated the Consumer Protection Procedure Act and constituted fraud, negligent misrepresentation, unconscionability, and unjust enrichment or restitution. The case was removed to the United States District Court for the District of Columbia and later remanded, after which the Superior Court dismissed the amended complaint. The District of Columbia Court of Appeals affirmed dismissal of all claims except unjust enrichment, as to which it reversed and remanded.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

The Superior Court must permit further proceedings on Falconi-Sachs's unjust enrichment claim, including factual determination of whether the late-fee provision was disproportionate to reasonably anticipated damages and whether any voluntary-payment defense applies. Dismissal of the remaining claims remains affirmed.

CASES CITED

- Tingling-Clemmons v. District of Columbia, 133 A.3d 241, 245 (D.C. 2016)
- Hillbroom v. PricewaterhouseCoopers LLP, 17 A.3d 566, 572 (D.C. 2011)
- OneWest Bank, FSB v. Marshall, 18 A.3d 715, 721 (D.C. 2011)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Gomez v. Independence Management of Delaware, Inc., 967 A.2d 1276, 1284-87 (D.C. 2009)
- Brandywine Apartments, LLC v. McCaster, 964 A.2d 162, 169-70 (D.C. 2009)

- In re Estate of Nethken, 978 A.2d 603, 607 (D.C. 2009)
- Sundberg v. TTR Realty, LLC, 109 A.3d 1123, 1131 (D.C. 2015)
- Williams v. Central Money Co., 974 F. Supp. 22, 28 (D.D.C. 1997)
- Findlay v. CitiMortgage, Inc., 813 F. Supp. 2d 108, 122 (D.D.C. 2011)
- Williams v. Walker-Thomas Furniture Co., 350 F.2d 445, 449 (D.C. Cir. 1965)
- Chevalier v. Moon, 576 A.2d 722, 724 (D.C. 1990)
- Garrett v. Washington Air Compressor Co., 466 A.2d 462, 464 n.5 (D.C. 1983)
- Jordan Keys & Jessamy, LLP v. St. Paul Fire & Marine Insurance Co., 870 A.2d 58, 63-64 (D.C. 2005)
- News World Communications, Inc. v. Thompsen, 878 A.2d 1218, 1222 (D.C. 2005)
- 4934, Inc. v. District of Columbia Department of Employment Services, 605 A.2d 50, 55 (D.C. 1992)
- District Cablevision Ltd. Partnership v. Bassin, 828 A.2d 714, 724 (D.C. 2003)
- Lake River Corp. v. Carborundum Co., 769 F.2d 1284, 1290 (7th Cir. 1985)
- Order of AHEPA v. Travel Consultants, Inc., 367 A.2d 119, 126 (D.C. 1976)
- Eagle Maintenance Services, Inc. v. D.C. Contract Appeals Board, 893 A.2d 569, 582 (D.C. 2006)
- Smith v. Prime Cable of Chicago, 658 N.E.2d 1325, 1329 (Ill. App. Ct. 1995)
- Avianca, Inc. v. Corriea, No. 85-CV-3277, 1992 WL 93128, at *6 (D.D.C. Apr. 13, 1992)
- Flying Food Group, Inc. v. N.L.R.B., 471 F.3d 178, 183 (D.C. Cir. 2006)
- Francis v. Rehman, 110 A.3d 615, 621 (D.C. 2015)
- Hafley v. Lohman, 90 F.3d 264, 266 (8th Cir. 1996)
- Shaw v. Marriott International, Inc., 474 F. Supp. 2d 141, 150-51 (D.D.C. 2007)
- Falconi-Sachs v. LPF Senate Square, LLC, 963 F. Supp. 2d 1, 3 (D.D.C. 2013)

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