

**CITY OF MINNEAPOLIS
FOR THE DEPARTMENT OF
REGULATORY SERVICES**

ADMINISTRATIVE HEARING OFFICER

**In the matter of the Property
Located at 3219 Girard Avenue N.
Located in Minneapolis, MN and
owned by Rori Investments, LLC.**

**FINDINGS OF FACT,
CONCLUSIONS, AND
RECOMMENDATION**

The above entitled matter came on for hearing before Administrative Hearing Officer Fabian Hoffner on August 30, 2016, at 9:00 a.m. at Room 310, Minneapolis City Hall, Minneapolis, Minnesota. The City of Minneapolis was represented by Lee C. Wolf, Assistant City Attorney and Vu Tran, Supervisor in the Housing Inspections Division of the Department of Regulatory Services. Robert Zeman, a Partner in Rori Investments, LLC. was present representing himself and Rori Investments, Inc.

FINDINGS OF FACT

Rori Investments, LLC is the listed owner of the property located at 3219 Girard Avenue N. in the City of Minneapolis.

Robert Zeman and Richard Heggemeyer are Partners in Rori Investments, LLC.

Rori Investments, LLC obtained a rental license for the property at 3219 Girard Avenue N. and operated the property as a rental property.

Rori Investments, LLC is listed on the rental license application as the owner of the property with a listed address of 5865 Fernwood Street, Shoreview, MN 55126. Robert Zeman was listed as the person responsible for the maintenance and management of the property with a listed address of 5865 Fernwood Street, Shoreview, MN 55126.

On December 16, 2014, an incident occurred at 1403 Dupont Ave. N. – a property owned by Rori Investments, LLC and managed by Robert Zeman. This incident qualified for a conduct notice under Minneapolis Code of Ordinances (M.C.O.) 244.2020.

In response to the conduct letter Mr. Zeman attended MPD housing ownership workshops on February 14, 18, and March 18, 2015. Mr. Zeman also worked on submission of an acceptable management plan with Luther Krueger, Crime Prevention Analyst with the Minneapolis Police Department.

On April 9, 2015, Mr. Krueger met with Mr. Zeman and Mr. Heggemeyer, and the owners agreed to an acceptable management plan. Mr. Krueger filed this plan as “satisfactory” on April 15, 2015. The management plan included, among other things, a requirement that the owner “reject applicants with histories of evictions for the five years prior to application, and that the plan applied to all properties managed by the owners.”

On August 6, 2015, an incident occurred at 3219 Girard Avenue N. During the incident narcotics were recovered at the property. This incident qualified for a conduct letter under M.C.O. 244.2020. A conduct letter was emailed to Mr. Zeman and Mr. Heggemeyer on August 13, 2015 and sent via regular mail to Mr. Zeman on August 14, 2015.

On August 18, 2015, Mr. Zeman and Mr. Heggemeyer responded with an unsatisfactory management plan. Mr. Krueger advised the owners that the management plan submitted on April 9, 2015 and accepted on April 15, 2015 relating to 1403 Dupont Ave. N. would be considered a satisfactory plan.

On August 20, 2015, the management plan submitted by Mr. Zeman and Mr. Heggemeyer was considered satisfactory to cover the conduct incident at 3219 Girard Ave. N. and contained the same components as accepted in the April 15, 2015, plan for 1403 Dupont

Ave. N. The management plan included, among other things, a requirement that the owner “reject applicants with histories of evictions for the five years prior to application, and that the plan applied to all properties managed by the owners.”

On March 7, 2016, Officer Michael Nimlos added 3219 Girard Ave. N. to the agenda for the monthly “conduct of premise/nuisance” Problem Properties Meeting due to complaints regarding activity occurring on and around the property.

On March 29, 2016, Mr. Krueger e-mailed Mr. Zeman asking for documentation indicating that the accepted management plan was being properly implemented.

In April of 2016, Mr. Krueger received documentation from Mr. Heggemeyer including scanned background check results from tenants that were accepted for residency at the Property.

Mr. Krueger reviewed the documentation and discovered two cases where potential tenants failed the background checks as noted by the screening company used by the owners due to the tenants’ unlawful detainer history. One tenant, Tina Wess, failed the background check because the social security number given by Ms. Wess did not match her name and was associated with another individual. The second tenant, Inger Hoyte, failed the background check due to a recent eviction action along with other failed criteria used by the screening company. Despite these individuals failing the background check they were both allowed to sign leases with Mr. Zeman and take up residency at 3219 Girard Ave. N. in conflict with the August 20, 2015, accepted management plan.

On May 5, 2016, Mr. Krueger requested that the rental license for 3219 Girard Ave. N. be revoked based upon a violation of M.C.O 244.2020(c) which requires a licensee to implement all provisions of an accepted written management plan.

On June 9, 2016, a Notice of Revocation of Rental License or Provisional License was sent to Rori Investments, LLC and Robert Zeman at their listed address of 5865 Fernwood Street, Shoreview, MN 55126. The notice informed the owners that the Property failed to comply with M.C.O. 244.2020 and that a recommendation was being sent to the City Council to revoke the rental license. The notice also informed the owners that they had fifteen days to file an appeal of the revocation action.

On June 28, 2016, Robert Zeman filed an appeal of the revocation action and the matter was set for hearing on August 30, 2016.

At some point in August of 2016, Mr. Heggemeyer bought out Mr. Zeman's interest in the Property and Mr. Heggemeyer and his wife are now the owners of the Property.

At the August 30, 2016, revocation hearing, neighbors of 3219 Girard Ave. N., including Brenda McBeth Dolly, Kyle Olson and Connie Beckers, testified credibly regarding the negative impact the tenants at 3219 Girard Ave. N. had on the neighborhood. The problems ranged from drug activity at the Property to loud music coming from the Property. The testimony indicated that many of the problems occurred after Ms. Wess and Mr. Hoyte had started to occupy the Property around January of 2016.

The owners' failure to implement all aspects of the accepted management plan directly lead to the nuisance activities occurring at the Property, thus having a negative impact on the Property's neighbors and the neighborhood in general.

CONCLUSIONS

M.C.O. § 244.12020 (c) states in part: Upon determination by a crime prevention specialist, or other assigned police department employee, utilizing established procedures, that a licensed premises was used in a disorderly manner, as described in subsection (a), the

responsible crime prevention specialist or other assigned police department employee shall notify the licensee by mail of the violation and direct the licensee to take appropriate action with the assistance of the Minneapolis Police Department to prevent further violations. If the instance of disorderly use of the licensed premises involved conduct specified in paragraphs (a)(2), (a)(3) or (a)(6) of this section the licensee shall submit a satisfactory written management plan to the police department within ten (10) days of receipt of the notice of disorderly use of the premises. The written management plan shall comply with the requirements established in paragraph (d) of this section. *The licensee shall implement all provisions of the written management plan within twenty (20) days after acceptance of the management plan by the crime prevention specialist or other assigned police department employee.*

Emphasis added.

On May 5, 2016, Luther Kruger reviewed paperwork showing that Rori Investments LLC and Robert Zeman had failed to implement portions of the management plan, for 3219 Girard Ave. N., that had been submitted and accepted in August of 2015, in violation of M.C.O. 244.2020 (c).

M.C.O. § 244.1940 states: Denial; non-renewal; revocation; suspension. (a) If after any period for compliance under section 244.1930 has expired, the director determines that the dwelling fails to comply with any of the licensing standards in sections 244.1910 or 244.1920, or the director has initiated an action to deny, revoke, suspend, or not renew a license pursuant to section 244.2020, or if the director determines that a building or dwelling unit fails to meet licensing standards 244.1910(2), (3), (4), (13)(a), (18) or (21), for a second time, under the same owner/licensee, the director shall mail the owner and the person designated by the owner as the

person responsible for the maintenance and management of the building or dwelling unit, a notice of denial, non-renewal, revocation, or suspension of the license or provisional license.

On June 9, 2016, the Housing Inspections Division issued a valid Notice of Denial, for violations of M.C.O. § 244.2020 (c), due to the ownership's failure to implement all aspects of their accepted management plan for 3219 Girard Ave. N.

M.C.O. 244.1940 (b) states: Lapsed licenses. If a license lapses, or is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the director may proceed, pursuant to subdivision (a), with an action to deny, non-renew, revoke or suspend if the action was commenced prior any lapse, surrender, withdraw, termination or other loss of license.

The Department started the revocation action in this proceeding prior to any sale of Mr. Zeman's interest in the Property, and pursuant to M.C.O. 244.1940 (b) were within their authority to continue the action after the sale to Mr. Heggemeyer and his wife.

RECOMMENDATION

That the rental license for the property located at 3219 Girard Avenue N., Minneapolis, MN., held by Rori Investments, LLC and Robert Zeman be revoked.

Dated 9/26/2016 2016


FABIAN HOFFNER
ADMINISTRATIVE HEARING OFFICER