

**FOR IMMEDIATE RELEASE**

## **Crowell & Moring Attorneys Score Breakthrough in Residents' Battle to See Property Manager's Financial Records**

**Washington, D.C. – Sept. 15, 2004:** A case Crowell & Moring argued in a California small-claims court on Sept. 9 ended in victory for seven residents of the Leisure World retirement community in Seal Beach, with residents winning the right to review their property manager's financial records. After months of legal battles over the Golden Rain Foundation's refusal to open its financial records, Judge Stephanie George ruled in favor of the residents, saying the foundation functions as a large homeowners group and therefore residents have the right to review how their monthly fees are used. Judge George found that contrary to Golden Rain's claims, the group does fall under the Davis-Sterling Act, which governs homeowners associations and requires disclosure of many financial documents. Residents are now taking the necessary steps to review the documents in their entirety.

The residents have asked for the documents to be made available for months, only to have their requests denied. Residents wanted information on the salaries of top administrators, how much the foundation pays contractors and why monthly fees have increased. A legal battle ensued after Golden Rain's refusal to comply, and the foundation came out the loser in the first round of small-claims actions. A judge sided with the residents and awarded each \$200 in fines levied against the foundation. A hearing on Golden Rain's appeal in that matter held on Sept. 16 was continued to Sept. 22. They also have a civil suit pending against the residents in Superior Court.

With a second round of court battles scheduled for Sept. 9, Golden Rain made a surprise move and opened their books to the residents on Sept. 8, an action credited to the presence of C&M's attorneys. Still, problems persisted. The documents made available to the foundation on the eve of the hearings were not complete. Several parts of the documents were coded and difficult to read, and more importantly, the salary information was omitted. The following day, Judge George ordered the books be opened and denied the foundation's request to move the case to Superior Court. The judge struck down arguments that jurisdiction should be in Superior Court because that's where the civil suit is pending and that under the state corporations code, financial records do not need to be disclosed. Golden Rain's resistance to opening the books is surprising to Irvine-based C&M attorney Steven P. Rice. Rice, along with Amy Owens, legal specialist Chris Friedt and legal assistants Sherry Fortelny and Natalie Pantoja handled the case *pro bono*, helping residents secure the win.

"Our clients (seven senior citizens on fixed incomes) have a clear right to know how the Golden Rain Foundation is spending millions of dollars in fees paid by the clients and their neighbors, and it has perplexed me that the foundation has continued to litigate so hard over the issue," he said. "I expect that the courts will continue to honor and enforce our clients' right of access."

Crowell & Moring is a full-service law firm with more than 300 attorneys committed to solving legal problems and providing business solutions efficiently and effectively for our clients, who include *Fortune* 100 companies and multinational corporations across a range of industries. Based in Washington, D.C., the firm also has offices in Brussels, California and London.

**Contact:**     **An Pham**  
Senior Manager, Media, PR & Communications  
+1 202.508.8740  
[apham@crowell.com](mailto:apham@crowell.com)