

STATE OF MICHIGAN
IN THE WAYNE COUNTY CIRCUIT COURT

CITY OF DETROIT, a Michigan municipal
corporation,

Plaintiff,

Case No.

v.

Hon.

REMY JACOBSON, an individual; JEAN-
MARC JACOBSON, an individual;
MICHIGAN REAL TOKEN I LLC;
MICHIGAN REAL TOKEN II LLC;
MICHIGAN REAL TOKEN III LLC;
MICHIGAN REAL TOKEN IV LLC;
MICHIGAN REAL TOKEN V LLC;
MICHIGAN REAL TOKEN VI LLC;
MICHIGAN REAL TOKEN VII LLC;
MICHIGAN REAL TOKEN VIII LLC;
MICHIGAN REAL TOKEN IX LLC;
MICHIGAN REAL TOKEN X LLC;
SERIES #1, #6, #8, #9, #12, #14, #18, #21, #24,
#25, #27, #29, #35, #37, #38, #40, #44, #45,
#47, #49, #50, #51, #52, #53, #57, #58, #60,
#61, #62, #63, #64, #65, #66, #71, #72, #73,
#75, #77, #78, #79, #80, #81, #82, #83, #84,
#85, #86, #88, #89, #90, #91, #92, #93, #98,
#99, #100, #101, #104, #105, #106, #107, #109,
#113, #117, #119, #122, #123, #124, #125,
#126, #127, #129, #130, #131, #132, #133,
#135, #136, #137, #139, #140, #142, #143,
#144, #145, #147, #148, #149, #150, #151,
#152, #153, #162, #164, #165, #167, #168,
#170, #171, #172, #176, #180, #182, #183,
#185, all SERIES OF REALTOKEN LLC, A
DELAWARE LIMITED LIABILITY
COMPANY; REALTOKEN 14117
MANNING ST INC, A DELAWARE
CORPORATION; REALTOKEN
INTERNATIONAL 13430 TACOMA ST
INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 13628
TACOMA ST INC, A DELAWARE
CORPORATION; REALTOKEN 9624

VERIFIED COMPLAINT

ABINGTON AVE., INC, A DELAWARE CORPORATION; REALTOKEN 22233
LYNDON ST, INC, A DELAWARE CORPORATION; REALTOKEN
INTERNATIONAL 10610 BALFOUR RD INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 10764 BALFOUR RD INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 10924 BALFOUR RD INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 15240 EDMORE DR INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 12580 MAIDEN ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 10059 BRITAIN ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 10163 DUPREY ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 10099 GREENSBORO ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 19530 HICKORY ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 13445 TACOMA ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 16520 ILENE ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 18515-18517 KELLY ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 18527-18529 KELLY ST INC. A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 11898 LAING ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 14606 KENTUCKY ST INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 7519-7521 WYKES ST., DETROIT, MI 48210 INC, A DELAWARE CORPORATION;
REALTOKEN INTERNATIONAL 19391 GRANDVIEW ST INC, A DELAWARE

CORPORATION; REALTOKEN
 INTERNATIONAL 12091 MONTROSE ST
 INC, A DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 15611 E
 SEVEN MILE RD INC, A DELAWARE
 CORPORATION; REALTOKEN 3310-3312
 STURTEVANT ST., DETROIT, MI 48206
 INC., A DELAWARE CORPORATION;
 REALTOKEN 9795-9797 CHENLOT ST.,
 DETROIT MI 48204 INC, A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 4342-4344 CORTLAND
 ST., DETROIT MI 48204 INC, A
 DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 19400
 HICKORY ST INC, A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 19539 HICKORY ST
 INC, A DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 15110
 FREELAND ST INC, A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 10862 MARNE ST INC,
 A DELAWARE CORPORATION;
 REALTOKEN 11117 WORDEN ST., INC, A
 DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 14622
 HUBBELL ST INC., A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 20257 MONICA ST
 INC, A DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 11420
 MONTROSE ST INC, A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 3784 SENECA ST INC,
 A DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 10703
 MCKINNEY ST INC, A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 11310 ABINGTON
 AVE INC, A DELAWARE
 CORPORATION; REALTOKEN
 INTERNATIONAL 14881 GREENFIELD
 RD INC, A DELAWARE CORPORATION;
 REALTOKEN INTERNATIONAL 9415-
 9417 RAVENSWOOD ST., DETROIT MI

48204 INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 9200 HARVARD RD INC, A DELAWARE CORPORATION; REALTOKEN 10147 SOMERSET AVE INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 8056 E HOLLYWOOD ST INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 18286 OAKFIELD AVE INC., A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 18613 OAKFIELD AVE INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 2703-2705 W GRAND ST., DETROIT MI 48238 INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 19535 FAIRPORT ST. INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 1 HOLDINGS CONNER ST INC, A DELAWARE CORPORATION; REALTOKEN INTERNATIONAL 1 HOLDINGS HOLCOMB ST INC, A DELAWARE CORPORATION; BREWER PARK HOMES LDHALP, and any unknown or unnamed claimants, owners, spouses of owners, lienholders, devisees, heirs, beneficiaries, successor trustees, assignees, or successors in interest of all Detroit, Michigan addresses listed in Exhibit 1,

Defendants.

CITY OF DETROIT LAW DEPARTMENT

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There are no other pending or resolved civil actions arising out of the transaction or occurrence alleged in this Complaint.

Case Numbers 24-009122-CH and 25-002868-CH are public nuisance abatement cases involving the same property owners or related corporate entities and have been assigned to Judge Annette Berry. In the interests of judicial economy and efficiency, Plaintiff respectfully requests that this matter be assigned to Judge Annette Berry.

VERIFIED COMPLAINT

Plaintiff City of Detroit (“Plaintiff” or “City”), by its undersigned attorneys, states as follows for its Verified Complaint (the “Complaint”):

INTRODUCTION

1. Real Token LLC, or RealT (“Real Token”) is a Florida-based Series Limited Liability Company¹ incorporated in Delaware that is, simply put, operating a large-scale cryptocurrency real estate venture in Detroit. Through its Limited Liability Companies, Series Limited Liability Companies, and dozens of related corporate entities, Real Token offers international investors fractional ownership of Detroit properties represented as digital tokens.

2. While Real Token touts the prospect of “6-16%” yearly rental income and the payment of weekly rental income to its investors,² that return on investment comes at a significant price. Unfortunately, Real Token’s tenants are paying that price, in the form of poorly maintained rental properties that lack Certificates of Compliance and, in some cases, provide unsanitary and unsafe living conditions to Detroit residents. As it concerns Real Token’s vacant, dilapidated properties that are open to trespassers, the citizens of Detroit are paying the price in the form of

¹ A “Series LLC” is a type of Limited Liability Company that allows a single LLC to be divided into multiple “series,” each with its own operations, assets and liabilities, all under the parent LLC. Delaware allows the formation of a Series LLC, but Michigan does not.

² <https://realt.co/> <accessed May 6, 2025>

their neighborhoods being inundated with dangerous structures that invite squatters and criminal activity.

3. While Real Token has blamed its abject failure to correct its hundreds of blight violations and its failure to bring their property into compliance with the 2019 Detroit City Code upon its agents,³ this does not absolve Real Token of its legal responsibility to comply with the law and ensure its hundreds of rental properties are safe and habitable for tenants.

4. Moreover, any claim that Real Token was unaware of the condition of the subject property is simply specious. The City of Detroit has sent numerous correction orders, emergency correction orders, blight violations and fair warning letters directly to Real Token, which have largely gone unheeded. Furthermore, upon belief and information, Real Token refused to authorize payment for “even the most basic repairs” with its former property maintenance company,⁴ thereby maximizing profits over the health, safety and welfare of Detroit residents.

PARTIES, JURISDICTION AND VENUE

5. City of Detroit is a municipal corporation existing pursuant to Michigan law and the City of Detroit Charter and has its principal municipal offices at 2 Woodward Avenue, Detroit, Michigan 48226. See Michigan Constitution, art. VII §§ 21-22; MCL 117.1-117.38; Detroit Charter art. I §§ 1-101 and 1-102.

6. Remy Jacobson and Jean-Marc Jacobson are the co-founders and co-Chief Executive Officers of Real Token. Upon belief and information, Remy Jacobson and Jean-Marc Jacobson are also member(s) and/or manager(s) and/or shareholders in the Defendant corporate entities, both foreign and domestic, that conduct business in Detroit, Michigan.

³ <https://outliermedia.org/crypto-real-estate-realt-cryptocurrency-detroit/> <accessed May 6, 2025>

⁴ <https://outliermedia.org/realt-detroit-real-estate-crypto-investors/> <accessed May 9, 2025>

7. The one hundred and sixty-six Defendant corporate entities are Michigan Limited Liability Companies, Delaware Series Limited Liability Companies, and Delaware Corporations that conduct business in Detroit, Michigan.

8. Jurisdiction is proper in this Court because the Complaint seeks equitable relief including declaratory relief and the abatement of public nuisance conditions on real property. See MCL 600.2940.

9. Venue is proper in this Court because all of the properties at issue in this litigation are located in the City of Detroit, Wayne County, Michigan. See MCL 600.1605.

GENERAL ALLEGATIONS

Underlying facts

10. At issue in this litigation are hundreds of residential properties owned by Real Token or one of its numerous related corporate entities. (See **Exhibit 1**, Index of Properties.) Some are single-family residences, while others are multi-family residences.

11. For ease of reference, the properties have been categorized into one of three groupings.

12. Those categorized as “priority one” are either occupied residences with emergency correction orders and/or serious health, safety and welfare issues or vacant residences that are open to trespassers, providing a haven for squatters and criminal activity. Additionally, the residences are not in compliance with requirements of the 2019 Detroit City Code applicable to rental properties. The interior condition of any occupied residences is known to the City of Detroit only because the tenants have filed complaints with the city, resulting in a complaint inspection performed by the Buildings, Safety Engineering and Environmental Department (“BSEED”) of the City of Detroit. See MCL 125.526 (**Exhibit 1**.)

13. Those properties categorized as “priority two” have visible exterior violations of the 2019 Detroit City Code in addition to being out of compliance with the registration, interior inspection, and Certificate of Compliance requirements of the 2019 Detroit City Code applicable to rental properties or vacant properties. See §§ 8-15-35, 8-15-45, 8-15-81 and 8-15-82 of the code. (*Id.*) The interior condition of most of these properties is unknown, as the residences have not undergone an interior inspection by a BSEED inspector, a condition of obtaining a Certificate of Compliance.

14. Those categorized as “priority three” are out of compliance with the registration, interior inspection, and Certificate of Compliance requirements of the 2019 Detroit City Code but otherwise do not have exterior code violations identified by BSEED inspectors on the date of inspection. (*Id.*) The interior condition of these properties is unknown, as the residences have not undergone the interior inspection necessary to obtain a Certificate of Compliance.

15. All the properties have received Correction Orders or, as applicable, Emergency Correction Orders that have been largely ignored, resulting in hundreds of blight violations. (See **Exhibit 1** and Exhibits corresponding to each property.)

16. This has resulted in hundreds of thousands of dollars in unpaid blight violations. (See **Exhibit 1** and Exhibits corresponding to each property.)

17. Additionally, none of the more than 400 properties listed in **Exhibit 1** have a Certificate of Compliance, and Defendants collectively owe hundreds of thousands of dollars in outstanding property taxes.

Relevant Provisions of Law

18. The State of Michigan has provided direct authority under the Home Rule City Act, MCL 117.1 *et seq*, to allow the City of Detroit to address blight and nuisance conditions within its jurisdiction.

19. As a municipal corporation, the City of Detroit is vested with the authority to protect the health, safety, and general welfare of individuals within the geographic boundaries of Detroit through the adoption of associated ordinances and may declare by ordinance what activities constitute a public nuisance. Mich. Const. 1963, Art 7, Sec 22 (charter authority); MCL § 117.3(j) (public health and safety); Detroit Charter art. I § 1-102 (general powers).

20. Relevant here, the City of Detroit has adopted standards for the maintenance of buildings and structures and enforcement of the Michigan Stille-DeRossett-Hale Single State Construction Code Act, MCL 125.1501 *et seq* and the Detroit Code through the Property Maintenance Code and Dangerous Building provisions of the Detroit Code. See 2019 Detroit City Code §§ 8-15-1 through 8-17-60.

21. The stated intent of the Michigan Construction Code is “[t]o ensure adequate maintenance of buildings and structures throughout this state and to adequately protect the health, safety, and welfare of the people.” MCL 125.1504(3)(e).

22. The stated intent of the Property Maintenance Code is to ensure the public health, safety and welfare to the degree that the public health, safety and welfare are affected by occupancy and maintenance of structures and premises within the City. § 8-15-14.

23. The housing law of Michigan, MCL 125.401 *et seq.*, sets forth the “minimum requirements adopted for the protection of health, welfare and safety of the community,” although municipalities are not precluded from imposing requirements higher than the minimum

requirements set forth by state law. MCL 125.408. See also MCL 125.528. (“It is the policy of this state that the inspection procedures set forth in this article are established in the public interest, to secure the health and safety of the occupants of dwellings and of the general public.”)

24. Except as otherwise specified, all owners are required to “maintain the building, premises or structure, and its exterior property, in compliance with these requirements” of the Detroit Code, and all owners are required to comply with the Detroit Code and to cure any blight violations. Detroit Code § 8-15-19.

25. Relevant here, the definition of “owner” in the 2019 Detroit City Code is not limited to the person or corporate entity holding title to the property and includes those having “the legal responsibility for the control and maintenance of the building, premises or structure.” Detroit Code § 8-15-7.

26. The City of Detroit Building Official and the Public Health Director or their authorized representatives may enter any building within the city at reasonable times to inspect for compliance with relevant standards. Detroit Code § 8-15-34(b).

27. All rental properties in the City of Detroit are required to be registered as a rental property with the City of Detroit. Where rental property is sold or transferred to a new owner, the Certificate of Registration expires on the date of sale or transfer. Detroit Code § 8-15-81. See also MCL 125.525.

28. All rental properties in the City of Detroit are also required to have a Certificate of Compliance. Detroit Code § 8-15-35(a); MCL 125.529. To secure a Certificate of Compliance for a rental property, a complete inspection of the rental property is required, including accessory structures. Detroit Code §§ 8-15-82; 8-15-301 *et seq.* See also MCL 125.526.

29. When a Certificate of Compliance is issued, it verifies that the premises or structure complies with the requirements of the Michigan Building Code and the Detroit Property Maintenance Code. See Detroit Code §§ 8-2-1 *et seq*; § 8-15-4. In other words, it certifies that the rental property has met building code standards and safety and maintenance standards, ensuring that the rental property is habitable and safe for tenants to occupy. See also MCL 125.529 and 125.530.

30. MCL 554.139 imposes upon Real Token a covenant to its tenants that any residential property leased is fit for its intended use. The law also imposes upon Real Token an affirmative obligation duty to keep the premises in reasonable repair during the term of the lease and to comply with the laws of the “local unit of government where the premises are located.” MCL 554.139(1) (a) & (b).

31. The covenants imposed by MCL 554.139 can only be modified where the lease “has a current term of at least 1 year,” “shall be liberally construed” in favor of the tenants, and is not defeated because the tenant inspected the premises before concluding the lease. MCL 554.139(2) & (3).

32. The statute provides specific protection to lessees and licensees of residential property in addition to any protection provided by the common law. *Allison v AEW Capital Mgt., LLP*, 481 Mich 419, 425; 751 NW2d 8 (2008).

33. A landlord's obligation to provide fit, safe, and habitable premises in compliance with state and local law duty and a tenant's obligation to pay rent are mutually dependent covenants, and the breach of the landlord's duties may excuse payment of some or all the rent due under a lease. *Bayview Estates, Inc v Bayview Estates Mobile Homeowners Ass'n*, 508 F.2d 405 (CA 6 1974), citing *Rome v Walker*, 38 Mich App 458; 196 NW2d 850 (1972).

34. It is unlawful to permit another to occupy a structure which is not maintained in a habitable, sanitary and safe condition. Detroit Code § 8-15-19(b). See also MCL 125.529.

35. Vacant properties are also required to be maintained in accordance with the property maintenance requirements of the Detroit Code, including registering the property as vacant and obtaining an exterior Certificate of Compliance. See Detroit Code §§ 8-15-20, 8-15-45, 8-15-101 *et seq.*

36. Where an owner fails to obtain the required Certificate of Compliance for a rental property, “[t]he duty to pay rent in accordance with the terms of any lease or agreement or under the provisions of any statute shall be suspended,” and rent paid into an escrow account until such time that a Certificate of Compliance is acquired. MCL 125.530. (Emphasis added.)

37. The Detroit Code provides similar protection, providing that “it shall be unlawful for an owner . . . to collect rent from a tenant for occupancy of a rental property” where the owner has not obtained a Certificate of Compliance. Rather, rent funds are held in escrow and returned to the tenant on a periodic basis, and “existing tenants shall have a right under this Code to retain possession of a rental property notwithstanding an owner's inability to collect rent from such tenants....” §8-15-82(d). (Emphasis added.)

38. Any premises that is maintained in a condition in violation of the Property Maintenance Code “is declared a public nuisance.” Detroit Code § 8-15-46. A determination that a property owner or operator is responsible for a blight violation orders the “violator to correct the violation and abate the public nuisance.” (*Id.*)

39. Failure of an owner or operator or occupant to comply with the minimum requirements of the Property Maintenance Code shall be construed as maintaining an unsafe building or premises and a violation of the article. Detroit Code § 8-15-18(b). Moreover, any

violation of the Property Maintenance Code is deemed to be a blight violation, and a separate citation may be issued for each day that the violation continues to occur. Detroit Code §§ 8-15-10 3-2-3(e).

40. All blight violations begin as blight notices, otherwise known as correction notices or correction orders. Detroit Code § 8-15-47. The correction orders are served by posting to the property and by mailing the notice by first class mail to the property owner. Detroit Code § 3-2-25(2)(b).

41. The recipient of a blight notice or correction order is given a specified time in which to cure all identified violations. In the event the violations are not cured by the compliance date listed on the correction order, a blight violation is issued. Detroit Code § 8-15-47.

42. A blight violation determination of responsibility is established either by admission, default, or a determination of responsibility after an administrative hearing with the City of Detroit Department of Appeals and Hearings (“DAH”). Detroit Code § 3-2-2.

43. Upon a determination of responsibility, the City of Detroit, through its authorized employees or agents, may enter onto the premises and abate the public nuisance by means determined by the city. Detroit Code § 8-15-48(e).

44. The entire cost of abatement actions taken or caused to be taken in relation to abatement of nuisances shall be paid by the owner. Detroit Code § 8-15-49. The city is authorized to bring an action against the owner to abate the public nuisances and recover the related expenses from the owner. Detroit Code §§ 8-15-12, 8-17-27.

45. There are two categories of nuisance: nuisance per se and nuisance in fact. *Ypsilanti v Kirchner*, 281 Mich App 251, 269-270; 761 NW2d 761 (2008).

46. Nuisance is a tort. *Sholberg v Truman*, 496 Mich 1, 6-7; 852 NW2d 89 (2014).

47. A negligent nuisance in fact is a nuisance that is created by a violation of some duty owed by the landowner which results in a nuisance. *Wagner v Regency Inn Corp*, 186 Mich App 158, 163; 463 NW2d 450 (1990).

48. An intentional nuisance in fact is created where it is shown that the owner intends to bring about the nuisance conditions. To establish intent, it must be shown that, when the owner either created or continued the nuisance conditions, he knew or must have known that the injury was substantially certain to follow. *Wagner* at 164.

49. Michigan provides that corporate owners and managers may be held personally liable for their individual tortious acts done in the course of business, regardless of whether they were acting for their personal benefit or the corporation's benefit. Moreover, those controlling the actions of a corporate entity may be held individually liable when they cause their corporation to act unlawfully. *Department of Agriculture v Appletree Marketing LLC*, 485 Mich 1, 17; 779 NW2d 237 (2010).

50. Therefore, in addition to the corporate entity's liability for nuisance violations, a person who owns and/or controls the actions of a corporate entity may be held personally liable for the nuisance maintained by that corporate entity if they "had knowledge of the existence or continuance of the nuisance," if they "should have known of it by exercising ordinary diligence," or if, by virtue of their "position or ownership interest [they are] vested with the power to control corporate activities." See *Attorney Gen ex rel. Dir of Dept of Natural Resources v Acme Disposal Co*, 189 Mich App 722, 726-727; 473 NW2d 824 (1991). See also *People v Detroit White Lead Works*, 82 Mich 471, 479; 46 NW 471 (1890) (corporate officers actively engaged in management and operation liable for nuisance).

51. A corporate entity is a legal fiction that can only act through its agents. *Bruun v Cook*, 280 Mich 484, 495; 273 NW 774 (1937); *Mossman v Millenbach Motor Sales*, 284 Mich 562, 568; 280 NW 50 (1938).

52. The business of a limited liability company is required to be managed by its members in the absence of delegation to one or more managers. MCL 450.4401; MCL 450.4402. Likewise, the business of a corporation is required to be managed by its board of directors, or by corporate officers under the direction of the board of directors. MCL 450.1501; MCL 450.1531(4).

53. Regardless of whether the corporate entity is a corporation or a limited liability company, those managing the affairs of the corporate entity are charged with a fiduciary duty to manage the affairs in “good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances,” and in a manner the manager “reasonably believes to be in the best interests” of the corporate entity. MCL 450.4404. See also MCL 450.1541a(1).

54. Actions for nuisance abatement are equitable in nature unless only money damages are claimed. If the judgment is that the nuisance must be abated, a circuit court may grant an injunction to stay and prevent the continuation or establishment of a nuisance. MCL 600.2940(1).

COUNT I
BREACH OF THE LEGAL DUTY TO COMPLY
WITH CERTIFICATE OF COMPLIANCE REQUIREMENTS
(Declaratory and Injunctive relief)

55. The City of Detroit, on behalf of the Public, exercises its police power to ensure that all residential rental properties are in compliance with state law and Detroit ordinances to protect the health, safety and welfare of its residents.

56. MCL 554.139 imposes “covenants and duties on landlords who lease or license their property to residential tenants.” *Gabrielson v Woods Condominium Association*, ___ Mich

App __; __ NW2d __ (January 4, 2024), quoting *Jeffrey-Moise v Williamsburg Towne Houses Coop.*, 336 Mich App 616, 636; 971 NW2d 716 (2021).

57. One of the specifically enumerated statutory duties requires a landlord to comply with the laws of “the local unit of government where the premises are located.” MCL 554.139(1)(b).

58. Apart from the covenants and duties delineated in MCL 554.139, landlords have an independent obligation to comply with the law. See *Kircher v City of Ypsilanti*, 269 Mich App 224, 230; 712 NW2d 738 (2005) (“A landlord's duty to comply with applicable local ordinances and other laws is independent of covenants made to tenants in leases...”)

59. As previously indicated, MCL 125.530(3) provides that where an owner fails to obtain the required Certificate of Compliance for a rental property, “[t]he duty to pay rent in accordance with the terms of any lease or agreement or under the provisions of any statute shall be suspended” and paid into an escrow account until such time that a Certificate of Compliance is acquired. (Emphasis added.)

60. None of the four hundred and eight properties at issue in this litigation, whether vacant or occupied, have a Certificate of Compliance. Aside from the fact that the act of failing to obtain a Certificate of Compliance plainly violates the Detroit Code, see §§ 8-15-35(a), 8-15-20, 8-15-45, 8-15-101 *et seq*, there is no verification that Defendants have complied with building code standards and safety and maintenance standards, thereby ensuring that any occupied rental property is habitable and safe for tenants to occupy. See MCL 554.139.

61. The City of Detroit has issued numerous citations to Defendants for their failure to obtain Certificates of Compliance for their respective properties. However, the citations have been ignored, the tickets remain unpaid, and the Certificates of Compliance remain lacking.

62. As previously stated, the landlord's obligation to provide fit, safe, and habitable premises in compliance with the law under MCL 554.139 and the tenant's obligation to pay rent are mutually dependent covenants, and the breach of the landlord's duties may excuse payment of some or all the rent due under a lease. *Bayview Estates, Inc v Bayview Estates Mobile Homeowners Ass'n*, 508 F.2d 405 (CA 6 1974), citing *Rome v Walker*, 38 Mich App 458; 196 NW2d 850 (1972). This is particularly true where the Michigan Legislature made its intent crystal clear, stating that the law "shall be liberally construed" in favor of those who have "the benefit of the covenants." (The tenants.)

63. This is consistent with MCL 125.530(3) and §8-15-82(d) of the Detroit Code, which precludes the collection of rent for occupied rental property where the owner fails to obtain the required Certificate of Compliance.

64. But even if the law did not suspend a tenant's duty to pay rent where a landlord fails to obtain a Certificate of Compliance – it clearly does -- these proceedings are equitable in nature. MCL 600.2940. "[T]he granting of equitable relief is ordinarily a matter of grace, and whether a court of equity will exercise its jurisdiction, and the propriety of affording equitable relief, rests in the sound discretion of the court, to be exercised according to the circumstances and exigencies of each particular case." *Tkachnik v Mandeville*, 487 Mich 38, 45; 790 NW2d 260 (2010), quoting *Youngs v West*, 317 Mich 538, 545; 27 NW2d 88 (1947) (citation omitted). "A court acting in equity looks at the whole situation and grants or withholds relief as good conscience dictates." *McFerren v B & B Inv Group*, 253 Mich App 517, 522, 655 NW2d 779 (2002).

65. Here, *all 160 Defendants* have failed to obtain Certificates of Compliance for their residential rental properties and should not be monetarily rewarded for their deliberate violation of the law by continuing to collect rent money from vulnerable Detroit residents.

66. The City of Detroit, through its Housing and Revitalization Department, will assist all tenants in establishing an escrow account if they do not already have one, or refer them to other programs and financial institutions where an escrow account can be established.

WHEREFORE, City requests that this Court enter an Order:

- A. DECLARING that Defendants have failed to procure the necessary Certificate of Compliance for their residential rental properties or vacant properties; and
- B. DECLARING that Defendants have breached their duty to comply with the law as it concerns the City of Detroit's Certificate of Compliance requirements, MCL 125.530, MCL 554.139, Detroit Code §§ 8-15-35(a), 8-15-20, 8-15-45, 8-15-101 *et seq*; and
- C. ORDERING that Defendants obtain Certificates of Compliance at Defendants' sole expense, including obtaining any necessary permits; and
- D. ORDERING that, until such time that Defendants have obtained the required Certificates of Compliance for their respective properties, that Defendants are precluded from collecting any rent from current or future tenants. Rather, all rent shall be held in escrow; and
- E. ORDERING that, in the event Defendants possess or acquire additional rental properties not included in this lawsuit, Defendants are precluded from collecting rent from tenants until they have obtained a Certificate of Compliance; and
- F. ORDERING that Defendants notify all of their tenants that rent must be paid into an escrow account until a Certificate of Compliance is acquired; and
- G. GRANTING such further relief in City's favor and against Defendants as is proper.

COUNT II
PUBLIC NUISANCE
(Declaratory and Injunctive Relief)

67. The City of Detroit, on behalf of the Public, has an interest in abating public nuisances and is authorized to bring an action to abate the nuisance conditions Defendants are causing or maintaining in accordance with the Detroit City Code.

68. A violation of the City of Detroit Property Maintenance Code is deemed to be a blight violation. MCL § 117.4l(4) 117.4q(4); Detroit Code §§ 1-1-9(a)(3), 3-2-1; 8-15-10.

69. As indicated in **Exhibit 1** and the corresponding Exhibits, all the “priority one” properties are a public nuisance, as the conditions of the “priority one” properties are unquestionably harmful to the health, safety or welfare of the public. While the correction orders list the full scope of code violations for each property, an overview of the “priority one” properties reveal:

70. **Exhibit 2** - 10410 Cadieux– a partially occupied apartment building with fire damage, utility theft, a lack of heat, flooding occurring from unoccupied units, units that are open to trespassers, a lack of smoke detectors and unsafe conditions.

71. **Exhibit 3** - 9624 Abington – a fire-ravaged single-family home that is open to trespassers and has been determined to be a “dangerous building” by BSEED.

72. **Exhibit 4** - 19000 Fenton - a partially occupied apartment building that lacks heat and is open to “illegal occupants” (squatters) because the building is not secure.

73. **Exhibit 5** – 12641 Elmdale – a partially occupied apartment with several inches of standing water in the basement, a lack of emergency lighting, a lack of heat, lack of fire extinguishers, and lack of smoke detectors.

74. **Exhibit 6** - 13245 Monica – a partially occupied apartment building that was deemed “unfit for human habitation” and ordered vacated by BSEED.

75. **Exhibit 7** – 18466 Fielding -- an occupied single-family home with a dilapidated roof, broken windows, a crumbling front porch, and bars on the bedroom window.

76. **Exhibit 8** – 10511 Whittier – a partially occupied apartment building with exterior doors that do not lock, allowing trespassers. The building has no fire extinguishers and lacks smoke detectors.

77. **Exhibit 9** – 14409 Linnhurst – this apartment building is vacant and open to trespassers and the elements. The City of Detroit sent correspondence seeking a meeting with Michigan Real Token V LLC because of the numerous code violations and “reports of drug activity, illegal drug sales, and lewd act occurring at” the property. Michigan Real Token V LLC did not respond.

78. **Exhibit 10** – 14881 Greenfield – this partially-occupied apartment building has “structurally faulty” balconies, roof damage that is causing water to leak into living units, and water running in a vacant unit, causing flooding.

79. **Exhibit 11** - 10616 McKinney – a single-family home with leaking natural gas valves and no hot water.

80. **Exhibit 12** – 12050 Bryden - this apartment building has overflowing trash dumpsters and a leaking roof, causing water damage to occupied units. Units also have electricity that was not installed in a safe and approved manner.

81. **Exhibit 13** – 13430 Tacoma – this single-family home requires an “operational water heater,” has no smoke detectors, a leaking toilet and bathroom sink, and a basement foundation with “apparent moisture damage.”

82. **Exhibit 14** – 11750 Morang – this apartment building had its Certificate of Compliance suspended because the property was not secure, the fire doors were broken, there was no garbage dumpster onsite, and the property contained several broken windows.

83. **Exhibit 15** – 12111 Kentucky – this single-family home is vacant and open to trespassers and has water running in the debris-filled basement.

84. **Exhibit 16** – 1610 E. State Fair – this vacant apartment building is open to trespassers and has numerous broken windows.

85. **Exhibit 17** – 16767 Greenfield – this apartment building has vacant units open to trespassers and “balcony reconstruction” is required.

86. **Exhibit 18** – 11310 Abington -- this vacant single-family home is open to trespassers, has broken windows, and has an “improperly” made repair to the electrical service cable.

87. **Exhibit 19** – 17500 Evergreen – this single-family home has a damaged roof that causes the plaster ceiling to fall into the interior of the home.

88. **Exhibit 20** – 13700 Dexter – this apartment building was cited for not having heat or emergency lighting, among other issues.

89. **Exhibit 21** – 16085 E. Seven Mile – the dwelling units in this condominium have “multiple units with [confirmed] utility theft,” creating unsafe conditions for the tenants. An order to vacate was subsequently issued by BSEED.

90. **Exhibit 22** – 10024 Appoline – an electrical cord runs from the apartment complex to an open manhole cover, powering a sump pump that is pumping liquids to a nearby vacant lot.

91. **Exhibit 23** – 10110 Cadieux – this apartment complex did not have trash collection services, in addition to utility theft, no water, and no smoke detectors. A Notice of Intent to Vacate was issued in March 2025, but the apartment complex remains inhabited.

92. **Exhibit 24** – 11201 College – the single-family home has exposed fiberglass wall insulation and no smoke detectors.

93. **Exhibit 25** – 11845 Camden – the single-family home and the dilapidated garage is vacant and open to trespassers.

94. **Exhibit 26** - 13628 Tacoma -- the single-family home is vacant and open to trespassers, with broken windows and an open garage that is filled with debris.

95. **Exhibit 27** – 18975 Albion – this single-family home lacks a water meter, heat, and smoke detectors.

96. **Exhibit 28** – 18980 Fenton- the apartment lacks heat, emergency lighting, operable fire doors, and smoke detectors, among other violations.

97. **Exhibit 29** – 10421 Cadieux – this apartment building has numerous vacant apartments with broken windows, garbage on the property, and a lack of hot water service.

98. **Exhibit 30** – 14903 Promenade – the single-family home has a lack of heat, and an obstructed sewer drain.

99. **Exhibit 31** – 18481 Westphalia - the single-family home has a walkway in “hazardous condition” and a basement foundation wall that is leaking.

100. **Exhibit 32** – 11830 Camden – the single-family home is vacant and open to trespassers.

101. **Exhibit 33** – 19041 Lenore – the apartment complex lacks heat, smoke detectors, and egress doors that are readily openable.

102. **Exhibit 34** – 19268 Eureka – the single-family home is vacant, open to trespassers, and has no exterior lighting over exit areas.

103. **Exhibit 35** – 19317 Gable -- the single-family home has no heat and no smoke detectors.

104. **Exhibit 36** – 20160 Conant – the apartment building did not have trash removal service, has leaking basement foundation walls, does not have a “safe, continuous and unobstructed” means of egress, and lacks heat and a water meter.

105. **Exhibit 37** – 20200 Lesure -- the single-family home has a hole in the basement floor with a sump pump pumping liquids to the backyard, a missing water meter and non-functional smoke detectors.

106. **Exhibit 38** – 324 Piper – this two-family dwelling was deemed “unfit for human occupancy” because of numerous issues including ongoing basement flooding issues, mold, a lack of smoke detectors, peeling paint and a non-functioning bathtub.

107. **Exhibit 39** - 3280 W. Boston Blvd – the apartment building has numerous units that are vacant and open to trespassers, broken windows, and damaged electrical service equipment.

108. **Exhibit 40** – 18524 Patton – the single-family home had its Certificate of Compliance revoked for “deteriorating conditions” of the home,” including holes on the wood window frame, unpermitted electrical work, peeling paint and a lack of smoke detectors.

109. **Exhibit 41** - 9657 Manor – the single-family home had its Certificate of Compliance revoked for a garage that is completely collapsed in the backyard.

110. **Exhibit 42** – 20265 Evergreen – the single-family home lacks heat and its main sewer line requires unclogging.

111. **Exhibit 43** – 5278 Drexel – the single-family home is vacant and open to trespassers and has no exterior lighting over the exits.

112. **Exhibit 44** – 9171 Whittier – the apartment building has units that are fire-damaged, vacant and open to trespassers, broken windows, and bulk solid waste.

113. **Exhibit 45** – 9417 Ravenswood - the two-family dwelling is vacant and open to trespassers, has broken windows, and is missing the cover on the electric service panel.

114. **Exhibit 46** – 11924 Wayburn – the single-family home is fire damaged, vacant and open to trespassers.

115. **Exhibit 47** – 19154 Sherwood – the single-family home is vacant and open to trespassers.

116. **Exhibit 48** – 19218 Houghton – the single-family home is vacant and open to trespassers and is “unsafe for habitation.”

117. **Exhibit 49** – 2626 Wreford – the apartment complex has crumbling bricks, leaking basement walls, and no smoke detectors.

118. **Exhibit 50** – 3747 Scovel – the apartment building is vacant and open to trespassers, has bulk debris on the property and broken windows.

119. **Exhibit 51** – 4239 Alter – this partially occupied apartment building has falling and open drywall, no emergency lighting, no smoke detectors, no water supply, and “drains leaking into lower units.”

120. **Exhibit 52** – 10040 Cadieux – the apartment building is open to trespassers, water is leaking into the basement and into occupied units, and squatters enter and occupy “common areas of the building at will.”

121. **Exhibit 53** – 12405 Santa Rosa – the two-family dwelling has sewage backing up in the basement when the tenant flushes the toilet.

122. Pursuant to MCR 3.310(D)(2), if the Court issues an injunction, security is not required from City.

WHEREFORE, City requests that this Court enter an Order:

- A. DECLARING that the condition of all the “priority one” properties constitute a public nuisance in fact; and
- B. ENJOINING Defendants from maintaining or permitting nuisance conditions to exist at the subject properties; and
- C. REQUIRING Defendants to correct all violations of the City Code within 90 days at Defendants’ sole expense, requiring that necessary permits be obtained; and
- D. PERMITTING City to enter the subject properties to abate Defendant’s violations of the City Code and other public nuisance conditions if Defendants are unable or unwilling to abate the public nuisance conditions.
- E. ENTERING a judgment in City’s favor for the amount of its costs to remediate the nuisance conditions on the subject properties (to be determined on a date and time set by the Court) should Defendants fail to correct all violations and abate all nuisance conditions within the timeframes set forth above; and
- F. PROVIDING that this Honorable Court shall retain jurisdiction until such time as Defendants have fully complied with the Court’s order; and
- G. GRANTING such further relief in City’s favor and against Defendants as is proper.

COUNT III
PERSONAL LIABILITY FOR INTENTIONALLY MAINTAINING A PUBLIC
NUISANCE AND/OR CAUSING A CORPORATION TO ACT UNLAWFULLY
(Remy Jacobson and Jean-Marc Jacobson)

123. Upon belief and information, Remy Jacobson and Jean-Marc Jacobson are the co-founders and co-Chief Executive Officers of Real Token.

124. Upon belief and information, Remy Jacobson and Jean-Marc Jacobson are also members, managers, officers and/or shareholders of the one hundred and sixty-six separate Real Token corporate Defendants named in this lawsuit.

125. Michigan law provides that corporate officials may be held personally liable for tortious acts done in the course of business, regardless of whether the corporate officials were acting for their personal benefit or the corporation's benefit. *Department of Agriculture v Appletree Marketing LLC*, 485 Mich 1, 17; 779 NW2d 237 (2010).

126. Moreover, officers of a corporation may be held personally liable when they cause their corporation to act unlawfully. *Appletree*, 485 Mich at 17-18.

127. Nuisance is a tort. *Sholberg v Truman*, 496 Mich 1, 6; 852 NW2d 89 (2014).

128. A negligent nuisance in fact is one that is created a violation of some duty owed by the landowner which results in a nuisance. *Wagner v Regency Inn Corp*, 186 Mich App 158, 164; 463 NW2d 450 (1990).

129. "A nuisance in fact is intentional if the creator intends to bring about the conditions which are in fact found to be a nuisance. To establish intent, the plaintiff must show that when the defendant created or continued the condition causing the nuisance, he knew or must have known that the injury was substantially certain to follow, in other words, deliberate conduct." *Id.*

130. Remy Jacobson and Jean-Marc Jacobson had knowledge of the existence of the nuisance conditions at the subject properties or should have known of the conditions by exercising

ordinary diligence because the blight violations, fair warnings letters, dangerous building notices, orders to vacate, etc., outlining the various dangerous conditions at the “Priority one” properties were mailed directly to the responsible Real Token corporate entity or to its Resident Agent.

131. Moreover, as managers or officers of the various corporate entities, Remy Jacobson and Jean-Marc Jacobson can be held personally liable because they caused their corporate entities to act unlawfully by failing to obtain the required Certificates of Compliances and by refusing to authorize payment for “even the most basic repairs” with their former property maintenance companies.

132. Remy Jacobson and Jean-Marc Jacobson had the power to control the activities of the 160 Defendant corporate entities, including the abatement of the nuisance conditions and the acquisition of Certificates of Compliance, by virtue of their positions as members, managers, officers or shareholders of the one hundred and sixty-six Real Token corporate Defendants named in this lawsuit. Therefore, they may be held personally liable. See *Attorney Gen ex rel. Dir of Dept of Natural Resources v Acme Disposal Co*, 189 Mich App 722, 726-727; 473 NW2d 824 (1991).

WHEREFORE, the City requests that this Court enter an Order:

- A. Entering a judgment in the City’s favor against Remy Jacobson and Jean-Marc Jacobson, jointly and severally, for the costs of nuisance remediation and the costs needed to bring all 408 properties into full compliance with the 2019 Detroit City Code, including acquiring a Certificate of Compliance; and
- B. Providing that this Court shall retain jurisdiction until such time as Remy Jacobson and Jean-Marc Jacobson have fully complied with the Court’s orders; and
- C. Granting such further relief in the City’s favor and against Defendants as is proper.

COUNT IV
PAYMENT OF OUTSTANDING BLIGHT VIOLATIONS

133. Under 2019 Detroit City Code §§8-15-10, 8-15-11, MCL 117.4l(4) and MCL 117.4q(4)(h), civil fines may be imposed for blight violations.

134. An “owner” is defined under the Detroit Code one who has “a legal or equitable interest in the building, premises or structure, or is recorded in the official records of the state, the County, or the City as holding title to the building, premises or structure, or otherwise has the legal responsibility for the control and maintenance of the building, premises or structure...” § 8-15-7 (Emphasis added.)

135. Pursuant to 2019 Detroit City Code §8-15-10(c), “any person, firm, partnership or corporation, or anyone acting on behalf of said person, firm, partnership or corporation, who admits responsibility or is found to be responsible, through a blight violation determination, for violation of this article shall be subject to a civil fine.”

136. The 160 corporate Defendants, as the title holders of the subject properties, are owners of the properties and responsible for maintaining the subject properties. See § 8-15-19 of the Detroit City Code.

137. The managers or officers of the 160 corporate Defendants are owners of the subject properties because they have the legal responsibility for the control and maintenance of the subject properties, as a corporate entity is a legal fiction that can only act through its human agents.

138. Defendants accumulated hundreds of blight violations. All of the blight violations were posted on the property as well as sent by first-class mail to either the last known address Defendants provided to the City of Detroit or to the Resident Agent of the corporate entity.

139. Defendants defaulted or were found responsible for hundreds of blight violations, and the cumulative amount of the outstanding blight judgments totals hundreds of thousands of dollars, with the amount continuing to climb as more blight violations are issued.

WHEREFORE, the City of Detroit requests that this Court enter an Order:

- A. Entering a judgment in the City's favor for the full amount of the outstanding blight judgments, to be determined by this Honorable Court, to be imposed against the corporate entities as well as the managers or officers of the various corporate entities; and
- B. Granting such further relief in the City's favor and against the Defendant as is proper.

PRAYER FOR RELIEF

Plaintiff, City of Detroit, respectfully seeks the following relief from this Honorable Court:

- 1. Entry of an Order declaring that Defendants have failed to procure the necessary Certificate of Compliance for their properties and have breached their duty to comply with the law as it concerns the City of Detroit's Certificate of Compliance requirements; and
- 2. Ordering that, until such time that Defendants have obtained the required Certificates of Compliance for their respective properties, that Defendants are precluded from collecting any rent from current or future tenants. Rather, all rent for each property must be held in escrow until the Certificate of Compliance is obtained; and
- 3. Ordering that, in the event Defendants possess or acquire additional rental properties not included in this lawsuit, Defendants are precluded from collecting rent from tenants for any properties without a Certificate of Compliance; and

4. Ordering that Defendants must immediately notify all of their tenants that any rent must be paid into an escrow account until a Certificate of Compliance is acquired; and

5. Declaring that the condition of all the “priority one” properties constitute a public nuisance in fact and requiring Defendants to correct all violations of the City Code within 90 days at Defendants’ sole expense after obtaining necessary permits; and

6. Allowing the City of Detroit to enter the subject properties and abate the code violations and other public nuisance conditions if Defendants are unable or unwilling to do so, with the full costs to be paid by Defendants; and

7. Entering a judgment in the City’s favor for the full amount of the outstanding blight judgments, and

8. Entering a judgment in the City’s favor against Remy Jacobson and Jean-Marc Jacobson, jointly and severally, for the costs of nuisance remediation, the costs expended to bring all 408 properties into full compliance with the 2019 Detroit City Code, including acquiring a Certificate of Compliance, and the amount of the outstanding blight judgments; and

9. Ordering that this Honorable Court shall retain jurisdiction until such time as Defendants have fully complied with the Court’s order; and

10. Award such further relief, both legal and equitable, as this Honorable Court deems just and appropriate under the circumstances.

Dated: June 30, 2025

Respectfully Submitted,

/s/ Tamara York Cook

Tamara York Cook (P53160)
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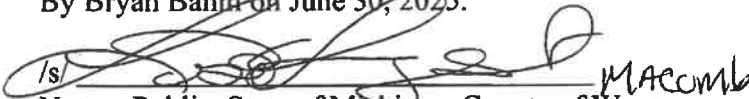
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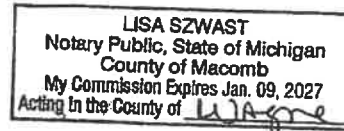
Bryan Bahm being first duly sworn, deposes and says that he has read the foregoing facts in verified complaint and that the facts in the verified complaint are true to the best of his knowledge, information and belief.



Name: Bryan Bahm
Title: Supervisor, City of Detroit
Buildings, Safety Engineering
and Environmental Dept.

Subscribed and sworn to before me
By Bryan Bahm on June 30, 2025.

/s/  ~~MACOMB~~
Notary Public, State of Michigan, County of ~~Wayne~~
My Commission expires: 1-9-2027
Acting in the County of: Wayne



Exhibits to the complaint can be found at:

<https://detroitmigo.gov.box.com/s/o2a01x21v801i4cryhi4bwc0fv5b>

[r0or](#)