

NO. D-1-GV-08-07323

STATE OF TEXAS  
Plaintiff

v.

SAILOK SERVICES, LLC  
D/B/A HOTEL NACOGDOCHES;  
MANINDER MALHAN; and  
ANITA RANI,  
Defendants.

§  
§  
§  
§  
§  
§  
§  
§  
§  
§

IN THE DISTRICT COURT

TRAVIS COUNTY, TEXAS

419 JUDICIAL DISTRICT

Filed in The District Court  
of Travis County, Texas

BP OCT 02 2008  
At Amalia Rodriguez-Mendoza, Clerk

**PLAINTIFF'S ORIGINAL PETITION AND APPLICATION  
FOR TEMPORARY AND PERMANENT INJUNCTION**

TO THE HONORABLE DISTRICT JUDGE:

COMES NOW, Plaintiff, the State of Texas, acting by and through its Attorney General, GREG ABBOTT, and complains of Defendants SAILOK SERVICES, LLC, a foreign limited liability corporation, doing business as HOTEL NACOGDOCHES, MANINDER MALHAN, and ANITA RANI. Plaintiff alleges that, following the Texas Governor's disaster declaration due to Hurricane Ike, Defendants engaged in unlawful price gouging by demanding and charging an excessive price for lodging. Furthermore, Plaintiff alleges that Defendants have been transacting business within the State of Texas without registering with the Secretary of State and without a certificate of authority from the Secretary of State. In support thereof, Plaintiff respectfully shows the following:

**I. DISCOVERY**

1.1 Pursuant to Tex. R. Civ. P. 190.3, discovery is intended to be conducted under a Level 2 discovery control plan.

## II. JURISDICTION

2.1 This action is brought by Attorney General GREG ABBOTT, through his Consumer Protection and Public Health Division, in the name of the STATE OF TEXAS, and in the public interest under the authority granted him by section 17.47, TEXAS DECEPTIVE TRADE PRACTICES – CONSUMER PROTECTION ACT, TEX. BUS. & COM. CODE ANN. § 17.41, *et seq.* (“DTPA”), alleging that Defendants have engaged in false, misleading, or deceptive acts or practices in the conduct of trade and commerce as defined in, and declared unlawful by, DTPA sections 17.46(a) and (b).

2.2 Plaintiff seeks reasonable attorney’s fees and court costs for prosecuting this action as authorized by Texas Government Code § 402.006(c).

2.3 Pursuant to DTPA § 17.47(c)(1), Plaintiff seeks civil penalties up to \$20,000 per violation. Pursuant to section 17.47(c)(2), Plaintiff seeks civil penalties up to \$250,000 per violation for acts or practices calculated to acquire or deprive money or other property from a consumer aged 65 years or older when the act or practice occurred.

2.4 Pursuant to TEX. BUS. ORG. CODE ANN. § 9.051(a)(1), Plaintiff seeks to enjoin Defendants from transacting business in this state.

2.5 Pursuant to Article 7.13.C. of the TEXAS LIMITED LIABILITY COMPANY ACT, TEX. CIV. ST. ANN. ART. 1528N (“TLLCA”) and TEX. BUS. ORG. CODE ANN. § 9.052, Plaintiff seeks civil penalties up to \$5,000 for each month Defendants have transacted business without a certificate of authority, in addition to all amounts due, as fees, taxes, penalties and interest, to Plaintiff had Defendants registered and filed for a certificate of authority as required by law.

## III. DEFENDANTS

3.1 Defendant SAILOK SERVICES, LLC, a foreign corporation existing under the laws of the State of Nevada, whose home office address is **2223 Rosemount Lane, San Ramon, Contra Costa County, California 94582**. Defendant has failed to register with the Texas Secretary of State, failed to designate or maintain a registered agent for service of process in the State of Texas as required by statute, and failed to obtain a certificate of authority. Defendant may be served with process, pursuant to TEX. BUS. ORG. CODE ANN. § 5.251, by serving the **Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701**. **SERVICE OF PROCESS IS HEREBY REQUESTED.**

3.2 Defendant MANINDER HALHAN, an individual who is a non-resident, who is a member of Sailok Services, LLC, and whose home office address is **2223 Rosemount Lane, San Ramon, Contra Costa County, California 94582** may be served with process by serving the **Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701**, as defendant's agent for service because defendant has not designated or maintained a resident agent for service of process in Texas as required by statute. **SERVICE OF PROCESS IS HEREBY REQUESTED**

3.3 Defendant ANITA RANI an individual who is a non-resident, who is a member of Sailok Services, LLC, and whose home office address is **2223 Rosemount Lane, San Ramon, Contra Costa County, California 94582** may be served with process by serving the **Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701**, as defendant's agent for service because defendant has not designated or maintained a resident agent for service of process in Texas as required by statute. **SERVICE OF PROCESS IS HEREBY REQUESTED**

#### IV. VENUE

4.1 Venue lies in Travis County, Texas for the following reason:

- A. Pursuant to TEX. BUS. ORG. CODE ANN. § 9.053, venue is proper because law suits arising under TEX. BUS. ORG. CODE ANN. §§ 9.051 and 9.052 may be filed in Travis County.

#### V. PUBLIC INTEREST

5.1 Defendants have caused injury, loss and damage to the State of Texas and have caused adverse effects to legitimate business enterprises, which lawfully conduct trade and commerce in this State. The Attorney General is of the opinion and believes that these proceedings are in the public interest.

#### VI. TRADE AND COMMERCE

6.1 Defendants have, at all times described below, engaged in conduct constituting “trade” and “commerce,” as those terms are defined in section 17.45(6) of the DTPA.

#### VII. PRE-SUIT NOTICE

7.1 Pursuant to DTPA § 17.47(a), at least seven days prior to filing suit, Defendants were contacted and informed of the unlawful conduct alleged herein.

#### VIII. ACTS OF AGENTS

8.1 When it is alleged that Defendants did any act, it is meant that Defendants performed or participated in such act or thing, or Defendants’ officers, agents or employees performed or participated the act or thing and were authorized to do so by Defendants.

#### IX. STATEMENT OF FACTS

9.1 On September 8, 2008 and pursuant to TEX. GOV’T CODE § 481.014, the Texas Governor declared a state of disaster from Hurricane Ike. *See Exhibit A* (Governor’s Declaration). The Governor’s Declaration covered Nacogdoches County along with 98 other counties.

9.2 On September 12, 2008 and pursuant to TEX. GOV'T CODE § 481.020, the Texas Governor waived the collection of state and local hotel/motel taxes for evacuees of Hurricane Ike. See **Exhibit B** (Governor's Waiver).

9.3 State and federal officials urged residents of certain Texas counties to evacuate their homes, and an estimated 1.2 million people heeded the warning, causing thousands of evacuees to seek lodging in hotels and motels.

9.4 During this declared state of disaster, Defendants took advantage of the situation by engaging in price-gouging by demanding and charging evacuees excessive prices for lodging. Defendants' had an electronic sign advertising the rates for lodging, which started at \$49.99. This promotion was calculated to encourage guests to lodge at Hotel Nacogdoches. During the relevant time period, Hotel Nacogdoches did not, in fact, offer rooms at \$49.99.

9.5 Defendants' prices were well in excess of Defendants' typical price for accommodations.<sup>1</sup> In particular, for a room normally costing \$49.99 per night, Defendants demanded and charged evacuees \$99.99 per night. Likewise, for a room normally costing \$59.99 per night, Defendants demanded and charged evacuees \$109.99 per night.

9.6 Defendants further took advantage of the disaster by continuing to charge and collect state and local hotel/motel taxes from Hurricane Ike evacuees in violation of the waiver issued by the Governor.

9.7 Upon information and belief, Defendants MANINDER MALHAN and ANITA RANI are the sole shareholders, officers and directors of Defendant SAILOK SERVICES, LLC.

---

<sup>1</sup>"Normal price" means the average price charged per room over the two-month period immediately preceding the Governor's declaration.

9.8 Sailok Services, LLC is a Nevada limited liability company which has no documents on file with the Texas Secretary of State.

#### X. VIOLATIONS

10.1 Plaintiff incorporates Paragraphs 1.1 through 9.8, as if fully set forth herein.

10.2 Defendants have engaged in false, misleading, or deceptive acts or practices in the conduct of trade or commerce, in violation of DTPA § 17.46(a).

10.3 Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have, or that a person has a sponsorship, approval, status, affiliation, or connection which he does not have, in violation of DTPA § 17.46(b)(5);

10.4 Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another, in violation of DTPA § 17.46(b)(7);

10.5 Defendants have advertised services with intent not to sell them as advertised, in violation of DTPA § 17.46(b)(9).

10.6 Defendants have made false or misleading statements of fact concerning the reasons for, existence of, or amount of price reductions, in violation of DTPA § 17.46(b)(11).

10.7 Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction which the consumer would not have entered had the information been disclosed, in violation of DTPA § 17.46(b)(24);

10.8 Defendants have engaged in false, misleading, or deceptive acts or practices in the conduct of trade or commerce, in violation of DTPA §§ 17.46(b)(27)(A) and (B), which prohibit taking advantage of a disaster by offering, demanding, selling and/or leasing fuel, food, medicine, or other necessity at an exorbitant or excessive price.

10.9 Defendants have transacted business in this State without being registered and without a certificate of authority, in violation of TEX. BUS. ORG. CODE § 9.001 *et seq.* and TLLCA Art. 7.01 *et. seq.*

### **XI. INJURY TO CONSUMERS**

11.1 Because Defendants have engaged in the unlawful acts and practices described above, they have violated the law as alleged in this petition.

### **XII. CONDITIONS PRECEDENT**

12.1 All conditions precedent to Defendants' liability and Plaintiff's right to recover have occurred or have been waived.

### **XIII. DISGORGEMENT**

13.1 Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains and benefits or profits that result from Defendants putting fraudulently converted property to a profitable use. Defendants should be ordered to disgorge all monies fraudulently taken from individuals together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

### **XIV. TRIAL BY JURY**

14.1 Plaintiff herein requests a jury trial and tenders the jury fee to the Travis County District Clerk's office pursuant to TEX. R. CIV. P. 216 and TEX. GOV'T. CODE ANN. §51.604.

#### XV. PRAYER

15.1 WHEREFORE, PREMISES CONSIDERED, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that after due notice and hearing a TEMPORARY INJUNCTION be issued; and that after due notice and hearing a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants, their officers, agents, servants, employees and attorneys and any other person in active concert or participation with the Defendants from the following practices in the pursuit and conduct of trade or commerce within the STATE OF TEXAS:

- A. Taking advantage of a disaster declared by the Governor under Chapter 418 of the Government Code by offering accommodations or other necessities at an exorbitant or excessive price, to wit: charging in excess of ten percent (10%) of the normal price, for the two-month period immediately preceding the disaster for those goods and services.<sup>2</sup>
- B. Taking advantage of a disaster declared by the Governor under Chapter 418 of the Government Code by demanding an exorbitant or excessive price in connection with the sale of accommodations or lodging, to wit: charging in excess of ten percent (10%) of the normal price, for the two-month period immediately preceding the disaster for those goods and services.

---

<sup>2</sup> "Normal price" means the average price charged over the two-month period immediately preceding the Governor's declaration.

- C. Collecting state and local taxes from evacuees during a disaster declared by the Governor of Texas when such taxes have been waived by the Governor.
- D. Failing to obtain a sales-tax-exemption certificate from evacuees.
- E. Failing to maintain a registration system to record the identity and contact information from guests of the hotel or motel including the guests' names, addresses, the length of their stay, and the price charged per day.
- F. Altering, destroying or mutilating records ordered to be kept pursuant to Subparagraph E above for a three year period after the event, provided the matter is not in litigation. If the matter is in litigation, records shall not be altered, destroyed or mutilated until a three year period following the entry of a final judgment, not subject to further appeal.
- G. Transacting business within the State of Texas without a Certificate of Authority as required by law.

15.2 Plaintiff further requests that this Court award damages and restitution of monies paid by consumers.

15.3 Plaintiff further requests that Defendants be ordered to pay to the State of Texas:

- A. Civil penalties of up to \$20,000.00 per violation of the DTPA;
- B. Civil penalties of up to \$250,000 per violation of the DTPA, when the act or practice that acquired or deprived money or other property from consumers who were 65 years of age or older when the act or practice occurred;

- C. Civil penalties of up to \$5,000 per month for every month Defendants have transacted business without a Certificate of Authority as required by Article 7.13 of the TLLCA;
- D. Pursuant to TEX. BUS. ORG. CODE § 9.052(a), civil penalties equal to all fees and taxes, plus all penalties and interest for failure to pay those fees and taxes, that would have been imposed by law upon Defendants had Defendants registered when first required and filed all reports required by law;
- E. Pre-judgment and post-judgment interest on all awards of restitution, damages, or civil penalties, as provided by law; and
- F. All costs of Court, costs of investigation, and reasonable attorney's fees pursuant to Texas Government Code § 402.006(c).
- G. Decree that all fines, penalties or forfeitures are not dischargeable in bankruptcy. *See* 11 U.S.C. § 523(a)(7).

15.4 Plaintiff prays for all further relief, at law or inequity, to which it is justly entitled.

Respectfully submitted,

GREG ABBOTT  
Attorney General of Texas

KENT C. SULLIVAN  
First Assistant Attorney General

JEFF ROSE  
Deputy First Assistant Attorney General

PAUL D. CARMONA  
Chief, Consumer Protection & Public Health  
Division

*Robert A. Lemus*

ROBERT A. LEMUS

State Bar No. 24052225

JANET DANN

State Bar No. 00792091

JOHN OWENS

State Bar No. 15379200

SUSIE HERRERA

State Bar No. 09530160

ROBERTA NORDSTROM

State Bar No. 24036801

SCOT CLINTON

State Bar No. 24045667

Assistants Attorney General

Consumer Protection & Public Health Division

808 Travis, Suite 300

Houston, Texas 77002

TEL (713) 223-5886

FAX (713) 223-5821

**SPIN NO. 99999928**

**ATTORNEYS FOR THE STATE OF  
TEXAS**

# EXHIBIT A

Governor's Declaration of Disaster  
and  
Amendment

You are here: [News](#) >> [Proclamations](#)

## Governor Declares Disaster in preparation for Hurricane Ike

September 08, 2008

### TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, RICK PERRY, Governor of Texas, do hereby certify that Hurricane Ike poses a threat of imminent disaster along the Texas Coast and in the counties of Anderson, Angelina, Aransas, Archer, Austin, Bee, Bell, Bexar, Bowie, Brazoria, Brazos, Brooks, Calhoun, Cameron, Cass, Chambers, Cherokee, Collin, Colorado, Comal, Dallas, Denton, DeWitt, Ellis, El Paso, Fort Bend, Franklin, Galveston, Goliad, Grayson, Gregg, Hardin, Harris, Harrison, Henderson, Hidalgo, Hill, Hopkins, Hunt, Jackson, Jasper, Jefferson, Jim Hogg, Jim Wells, Kaufman, Kenedy, Kleberg, Lamar, Lavaca, Liberty, Lubbock, Matagorda, McLennan, Montgomery, Nacogdoches, Navarro, Newton, Nueces, Orange, Panola, Parker, Polk, Potter, Randall, Refugio, Sabine, San Augustine, San Jacinto, San Patricio, Shelby, Smith, Starr, Tarrant, Titus, Tom Green, Travis, Trinity, Tyler, Van Zandt, Victoria, Waller, Walker, Webb, Wharton, Willacy, Williamson, Wise and Wood beginning September 7, 2008 and continuing.

THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby declare a state of disaster based on the existence of such threat and direct that all necessary measures both public and private as authorized under Section 418.017 of the code be implemented to meet that threat.

As provided in Section 418.016, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the state of disaster.

In accordance with the statutory requirements, copies of this proclamation shall be filed with the applicable authorities.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my Office in the City of Austin, Texas, this the 8th day of September, 2008.

**RICK PERRY**  
Governor

Attested by:  
**ESPERANZA "HOPE" ANDRADE**  
Secretary of State

You are here: [News](#) >> [Proclamations](#)

## Governor Perry Amends Proclamation to Include More Counties

September 12, 2008

### TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, RICK PERRY, Governor of Texas, do hereby amend my September 7, 2008, proclamation to include Burleson, Coryell, Freestone, Grimes, Houston, Madison, Milam, Leon, Robertson, Rusk and Washington Counties, certifying that these counties are under imminent threat of disaster as a result of Hurricane Ike.

THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby declare a state of disaster based on the existence of such threat and direct that all necessary measures both public and private as authorized under Section 418.017 of the code be implemented to meet that threat.

As provided in section 418.016, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the state of disaster.

In accordance with the statutory requirements, copies of this proclamation shall be filed with the applicable authorities.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my Office in the City of Austin, Texas, this the 12th day of September, 2008.

**RICK PERRY**

Governor

Attested by:

**ESPERANZA "HOPE" ANDRADE**

Secretary of State

## EXHIBIT B

Governor's Proclamation Waiving Hotel, Motel, & Venue Tax  
and  
Amendment

You are here: [News](#) >> [Proclamations](#)

## **Governor Issues Proclamation suspending Hotel, Motel, and Venue Taxes for 14 days**

September 12, 2008

### **TO ALL TO WHOM THESE PRESENTS SHALL COME:**

I, RICK PERRY, Governor of the State of Texas, did issue an Emergency Disaster Proclamation on September 8, 2008, which certifies that Hurricane Ike poses a threat of imminent disaster along the Texas Coast and in specified Texas counties.

WHEREFORE, the threat of imminent disaster caused by Hurricane Ike is creating a temporary housing emergency in the State of Texas.

THEREFORE, in accordance with the Emergency Disaster Proclamation and with the authority vested in me by Section 418.020 of the Texas Government Code, I do hereby suspend the collection of all state and local hotel and motel taxes under Chapters 156, 351 and 352 of the Texas Tax Code from the victims of Hurricane Ike for a period of 14 days, beginning September 8, 2008.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my Office in the City of Austin, Texas, this the 11th day of September, 2008.

**RICK PERRY**

Governor

Attested by:

**ESPERANZA "HOPE" ANDRADE**

Secretary of State

You are here: [News](#) >> [Proclamations](#)

## Governor Perry Orders Amends His Sept 12th Proclamation of State and Local Occupancy Taxes

September 17, 2008

### TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, RICK PERRY, Governor of the State of Texas, do hereby amend my September 12, 2008, Proclamation, which suspended the collection of all state and local hotel occupancy taxes.

WHEREAS, I did issue an Emergency Disaster Proclamation on September 8, 2008, as Hurricane Ike posed a threat of imminent disaster along the Texas Coast and in specified Texas counties;

WHEREAS, extensive damage in Texas as a result of Hurricane Ike has caused widespread power outages; and

WHEREAS, the expeditious restoration of electrical services is crucial for the health, safety, and welfare of the citizens of Texas, and for the preservation of life and property in the recovery efforts from the devastating effects of Hurricane Ike; and

WHEREAS, Hurricane Ike struck the State of Texas on September 13, 2008, causing substantial destruction in South and East Texas; and

WHEREAS, Hurricane Ike continues to create a temporary housing emergency in the State of Texas.

THEREFORE, in accordance with the Emergency Disaster Proclamation and with the authority vested in me by Section 418.020 of the Texas Government Code, I do hereby suspend the collection of all state and local hotel occupancy taxes under Chapters 156, 351 and 352 of the Texas Tax Code, Chapters 334, 335 and 383 of the Local Government Code, as well as any other state law authority that authorizes a local hotel occupancy tax, from the victims of Hurricane Ike, for a period beginning on September 8, 2008, and ending on October 14, 2008.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my Office in the City of Austin, Texas, this the 17th day of September, 2008.

**RICK PERRY**  
Governor

Attested by:  
**ESPERANZA "HOPE" ANDRADE**  
Secretary of State