IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH DAKOTA

FILED

UNITED STATES OF AMERICA,	.)	APR 1 6 2007
Plaintiff,)))	Case No.: CIV06-4183-KES CLERK
v.	ý	
PAUL HASSE,	.)	
Defendant.)))	
	í	

CONSENT ORDER

1. Plaintiff, United States of America, initiated this action on September 29, 2006, on behalf of Complainant Fair Housing of the Dakotas pursuant to Section 812, and on behalf of other aggrieved persons pursuant to Section 814(a) of the Fair Housing Act, as amended 42 U.S.C. §§ 3612(o) and 3614(a), respectively. The complaint alleges that Defendant Paul Hasse ("Defendant") engaged in a pattern or practice of discrimination on the basis of familial status in the rental of dwellings at 816 W. Main St., Vermillion, South Dakota (the "subject property"), in violation of the Fair Housing Act, as amended, 42 U.S.C. §§ 3601 et seq. The subject property is owned and managed by Defendant.

I. INTRODUCTION

2. Defendant placed advertisements in the *Vermillion Broadcaster* for a two-bedroom vacancy in the subject property, which were published on or about August 16, 2005, August 23, 2005, August 30, 2005, September 6, 2005, September 13, 2005, and September 20, 2005. The advertisements included the words "no minors."

- 3. Fair Housing of the Dakotas ("FHD" or "Complainant") is a non-profit fair housing group with its principal place of business at 533 Airport Road, Suite C, Bismarck, North Dakota. After seeing Defendant's advertisements in the *Vermillion Broadcaster*, on or about August 23, 2005, an FHD tester called the number listed in the advertisement to inquire about the advertised vacancy. The tester indicated that she was interested in renting the apartment for herself and her two daughters. Defendant told the tester that he had three restrictions: "no pets, no smoking, and no kids," or words to that effect. On or about August 25, 2005, a second FHD tester called the number listed in the advertisement and spoke to Defendant. The second tester inquired as to whether the apartment was still available for rent. Defendant told her it was available, but that he had three restrictions: "no pets, no kids, and no smokers," or words to that effect. The tester said she was looking for an apartment for herself, her husband, and her mother. Defendant said "good" and offered her an opportunity to view the apartment.
- 4. On September 6, 2005, FHD filed a complaint with the United States Department of Housing and Urban Development ("HUD") alleging that Hasse was discriminating on the basis of familial status. HUD conducted an investigation and issued a Determination of Reasonable Cause and Charge of Discrimination, charging Defendant with engaging in discriminatory housing practices in violation of the Fair Housing Act and identifying FHD as an aggrieved individual under the Act. Thereafter, FHD timely elected to have the matter heard in federal court pursuant to 42 U.S.C. § 3612(a), and the United States filed this action.
- 5. The Parties have agreed to the entry of this Consent Order to resolve all claims of the Complainant and the United States of America against Defendant and to avoid further litigation.

II. GENERAL INJUNCTION

- 6. Defendant, his agents, employees, successors, and all persons in active concert or participation with him are hereby enjoined, with respect to the rental of dwellings, from:
 - a. Refusing to rent after the making of a bona fide offer, or refusing to negotiate for the rental of, or otherwise making unavailable or denying, a dwelling to any person because of familial status;
 - Discriminating against any person in the terms, conditions, or privileges of the rental of a dwelling, or in the provision of services or facilities in connection therewith, because of familial status;
 - c. Making, printing, or publishing, or causing to be made, printed, or published any notice, statement, or advertisement, with respect to the rental of a dwelling that indicates any preference, limitation, or discrimination based on familial status, or an intention to make any such preference, limitation, or discrimination; or
 - d. Coercing, intimidating, threatening, or interfering with any person in the exercise or enjoyment of, or on account of his or her having exercised or enjoyed, or on account of his or her having aided or encouraged any other person in the exercise or enjoyment of, any right granted or protected by the Fair Housing Act.

III. NONDISCRIMINATION POLICIES AND PROCEDURES

7. Defendant's responsibilities under this Consent Order shall apply to each and every dwelling unit in which Defendant has an ownership, management, or other financial

interest. Dwelling units subject to this Order are hereinafter referred to as "covered dwelling units," a current list of which is attached as Exhibit A. Defendant's signature to this Order serves as a certification of the completeness and accuracy of this list.

8. Defendant shall prepare and implement uniform, non-discriminatory Policies and Procedures regarding the rental of covered dwelling units that shall be applied equally to all applicants, actual and prospective, regardless of their familial status (having children under 18). The Policies and Procedures shall be substantially similar to Exhibit B.

IV. NOTICE TO PUBLIC OF NONDISCRIMINATION POLICIES

- 9. Within thirty (30) days after the date of entry of this Consent Order, Defendant shall take the following steps to notify the public of his nondiscriminatory policies:
 - a. Prominently post in the rental office or on a public bulletin board in the public and common use area of the subject property, a fair housing sign no smaller than ten (10) inches by fourteen (14) inches that indicates that all apartments are available for rent on a nondiscriminatory basis. A poster that comports with 24 C.F.R. Part 110 will satisfy this requirement.
 - b. Include the words "Equal Housing Opportunity" and/or the fair housing logo in all rental advertising conducted by Defendant, his agents or employees, in newspapers, flyers, handouts, telephone directories and other written materials; on radio, television or other media broadcasts; and on all billboards, signs, pamphlets, brochures and other promotional literature, provided that this requirement does not compel Defendant to advertise in any of these media, but does require compliance with this

provision whenever Defendant so advertises. The words and/or logo shall be prominently placed and easily readable.

c. Include the following phrase in the standard rental application and the standard rental agreement, if any, used for covered rental dwelling units, using letters of equal or greater size to those of the text in the body of the document:

We are an equal housing opportunity provider. We do not discriminate on the basis of race, color, sex, national origin, religion, disability or familial status (having children under age 18).

V. MANDATORY TRAINING

- 10. Within thirty (30) days of the entry of this Consent Order, Defendant shall provide a copy of this Order and the Nondiscrimination Policies and Procedures to his agents and employees involved in showing, renting, or managing any and all covered dwelling units and secure the signed statement from each agent or employee acknowledging that he or she has received and read the Order and the Nondiscrimination Policies and Procedures, has had the opportunity to have questions answered about the Order and Nondiscrimination Policies and Procedures, and agrees to abide by the relevant provisions of the Order and said policies and procedures. This statement shall be in the form of Exhibit C.
- During the term of this Order, within five (5) days after each new agent or employee becomes involved in showing, renting, or managing any covered dwelling units, Defendant shall provide a copy of this Order and the Nondiscrimination Policies and Procedures to said agent or employee involved in showing, renting, or managing any and all covered dwelling units, if any, and secure the signed statement from each agent or employee

acknowledging that he or she has received and read the Order, had the opportunity to have questions about the Order answered, and that he or she has also received and read the Nondiscrimination Policies Procedures, and agrees to abide by said policies and procedures and the relevant provisions of the Order. This statement shall be in the form of Exhibit C.

agents and employees of Defendant involved in showing, renting, or managing any covered dwelling units shall undergo in-person training on the Fair Housing Act, with specific emphasis on discrimination on the basis of familial status. The training shall be conducted by an independent, qualified third party, approved in advance by the United States, and any expenses associated with this training shall be borne by Defendant. Defendant shall obtain from the trainer certifications of attendance, executed by each individual who received the training, confirming their attendance, in a form acceptable to the United States. This confirmation shall include the name of the course, the date the course was taken, and the length of the course and/or time within which the course was completed.

VI. RECORD KEEPING AND COMPLIANCE TESTING

13. Record Keeping

With respect to the rental of covered dwelling units, within thirty (30) days from the date of this Order, Defendant shall ensure that the following are maintained and updated as new information becomes available:

a. An Availability List on a monthly basis that includes the address and apartment number of each unit known to be available or reasonably

expected to be available for rental within thirty (30) days; monthly rent for each such unit; security deposit for each such unit; the date Defendant or his agents or employees were first informed it would be available for rental, and the first date it would be available for rental or occupancy by a new tenant. Defendant and his agents/employees shall share information on the Availability List with each person who visits or calls to inquire about the availability of rental dwellings; and

b. A Tenant/Applicant Record Log that sets forth the name of each tenant and/or applicant, the number of children under 18, if any, residing with the tenant and/or applicant, whether the application for tenancy was approved or rejected, the building and unit number occupied for all approved applicants, and a detailed explanation for all rejected applications.

14. Compliance Testing

The United States or FHD may take steps to monitor Defendant's compliance with this Order including, but not limited to, conducting fair housing tests at any dwelling in which Defendant, has a direct or indirect ownership, management, or financial interest. The actual costs of any such compliance testing by FHD are included in the monetary compensation provided to FHD pursuant to the terms of the Consent Order.

VII. REPORTING REQUIREMENTS

15. Within ninety (90) days of the date of entry of this Consent Order, and every twelve (12) months thereafter for the duration of this Order, Defendant shall deliver to counsel

for the United States¹ a report containing information about Defendant's compliance efforts during the preceding reporting period, including but not limited to:

- a. Copies of all mandatory education acknowledgments signed by Defendant, his agents and employees, and all certifications of attendance of each participant in such educational program, pursuant to Section V of this Order;
- b. Copies of lists setting forth the occupancy of each covered dwelling unit
 by address and apartment number, including the name and familial status
 of each tenant in that dwelling unit during the reporting period;
- c. A photograph of the bulletin board showing the fair housing signs required by Section IV of this Order; and
- d. An updated list of all residential rental properties owned by Defendant.
- 16. During the period in which this Order is in effect, Defendant shall preserve all records that are the source of, contain, or relate to any of the information pertinent to the obligations under this Order, including all rental applications, leases, and rental roll ledgers, and occupancy lists, if any, for all covered dwelling units as well as records relating to the transfer of interest in dwelling units as set out in Section XI below. Upon reasonable notice to Defendant, representatives of the United States shall be permitted to inspect and copy all such records at any

¹ All documents or other communications required by this Order to be sent to counsel for the United States shall be addressed as follows: Chief, Housing and Civil Enforcement Section, Civil Rights Division, DJ 175-69-39, United States Department of Justice, 950 Pennsylvania Avenue N.W.- G St., Washington, D.C. 20530, or as otherwise directed by the United States. If the Consent Order requires transmission by facsimile, the communication shall also be sent via facsimile to (202) 514-1116.

and all reasonable times or, upon request by the United States, Defendant shall provide copies of such documents.

17. During the period in which this Order is in effect, Defendant shall notify counsel for the United States in writing within fifteen (15) days of receipt of any written or oral complaint against Defendant, or Defendant's agents or employees, regarding familial status discrimination in housing. If the complaint is written, Defendant shall provide a copy of it with the notification. The notification shall include the full details of the complaint, including the complainant's name, address, and telephone number. Defendant shall also promptly provide the United States all information it may request concerning any such complaint and shall inform the United States within fifteen (15) days of any resolution of such complaint.

VII. COMPENSATION OF AGGRIEVED PERSONS

- 18. Within fourteen (14) days after the entry of this Consent Order, Defendant will pay to Complainants Fair Housing of the Dakotas one-thousand one hundred and fifty dollars (\$1,150.00) in damages, as an aggrieved individual under the Fair Housing Act, provided that no amount shall be paid pursuant to this paragraph before Fair Housing of the Dakotas has executed a written release of all claims, legal or equitable, that they might have against Defendant relating to the claims asserted in this lawsuit.
- 19. Within fourteen (14) days of the entry of this Consent Order, Defendant shall deposit in an interest-bearing account established by the law firm of Danforth & Meierhenry, LLP, the total sum of four thousand dollars (\$4,000.00) for the purpose of paying damages to any aggrieved persons who may have suffered harm as a result of Defendant's statements or advertisements regarding "no minors." Any interest that accrues shall become part of the

Settlement Fund and be utilized as set forth herein. In addition, within ten (10) business days of the establishment of the Settlement Fund, Defendant shall submit proof to the United States that this account has been established and the funds deposited.

- 20. Within thirty (30) days after entry of this Order, Defendant shall arrange and publish a Notice to Potential Victims of Housing Discrimination ("Notice") as attached hereto at Exhibit D, informing the public of this settlement and of the Settlement Fund. The Notice shall be no smaller than three columns by six inches and thereafter, shall be published on two occasions in the *Vermillion Broadcaster*. The publication dates shall be separated from one another by at least 7 days. Defendant shall provide proof to Counsel for the United States that the Notices have been published within fifteen (15) days after the last advertisement has been published.
- 21. Potentially aggrieved persons, as described above, shall have one hundred twenty (120) days from the date of the entry of this Order to contact the United States in response to this Notice.
- 22. The United States shall investigate the claims of the aggrieved persons and, within one hundred eighty (180) days from the entry of this Order, shall make a preliminary determination of which persons are aggrieved and an appropriate amount of damages that should be paid to each such person. The United States will inform Defendant in writing of its preliminary determinations, together with a copy of a sworn declaration from each aggrieved person setting forth the factual basis of the claim. Defendant shall have thirty (30) days to review the declaration(s) and provide any documents or information that he believes may refute the claim to the United States.

- 23. After receiving Defendant's comments, the United States shall submit its final recommendations to the Court for approval, identifying the aggrieved persons and an appropriate amount of damages that should be paid to each such person, together with a copy of the sworn declarations and any documents or information submitted by Defendant. Within ten (10) days of a Court order providing for the distribution of funds to aggrieved persons, Defendant shall deliver to counsel for the United States checks payable to the aggrieved persons in the amounts approved by the Court.
- 24. In no event shall the aggregate of all checks to the aggrieved persons exceed the sum of four thousand dollars (\$4,000.00) plus accrued interest.
- 25. When counsel for the United States has received a check from Defendant payable to an aggrieved person and a signed release in the form of Exhibit E from the aggrieved person, counsel for the United States shall deliver the check to the aggrieved person and the original, signed release to Defendant. No aggrieved person shall be paid until he/she has signed and delivered to counsel for the United States the release at Exhibit E.
- 26. After the satisfaction of paragraphs 19-25 and expiration of the corresponding time periods, any money remaining in the Settlement Fund shall be released to Defendant.

IX. CIVIL PENALTY

27. Within thirty (30) days after the entry of this Consent Order, Defendant shall pay a total of four thousand dollars (\$4,000.00) to the United States as a civil penalty, pursuant to 42 U.S.C. 3614(d)(1)(C). This payment shall be delivered to counsel for the United States in the form of a cashier's check payable to the "United States Treasury."

Case 4:06-cv-04183-KES

If, at any time during the term of this Consent Order, Defendant acquires a direct 28. or indirect ownership, management, or other financial interest in any other covered dwelling unit, said unit shall become subject to all relevant provisions of this Order. Defendant shall notify counsel for the United States within thirty (30) days of acquiring said interest. The notice shall include identification of the nature of Defendant's interest in the property; the address; the number of individual dwelling units; the number of bedrooms in each unit; the names of any existing tenants; and the number of children under 18 residing with each such tenant. Defendant shall also include in the notice to counsel for the United States a copy of the documents memorializing the transfer in interest and a copy of the lease(s) for any existing tenant(s).

XI. TRANSFER OF INTEREST IN COVERED DWELLING UNITS

- If at any time while this Order remains in effect, Defendant decides to transfer 29. the entirety of Defendant's direct or indirect ownership, management, or other financial interest in a covered dwelling unit to an unrelated party ("purchaser" or "transferee") in an arms-length transaction.² Defendant shall take the following steps:
 - At least thirty (30) days prior to completion of the sale or transfer, provide to each prospective purchaser or other transferee a copy of this Order along with written notice that the subject dwelling unit (or units) is (are) subject to this Order;

² For purposes of this Consent Order, "arms-length transaction" is defined as a transaction such as a contract or agreement that has been arrived at in the marketplace between independent, non-affiliated persons, unrelated by blood or marriage, with opposing economic interests regarding that contract.

- b. At least thirty (30) days prior to completion of the sale or transfer, provide to the United States, by facsimile and first-class mail, written notice of its intent to sell or otherwise transfer Defendant's interest in the dwelling unit(s), along with a copy of the notice sent to each prospective transferee, containing each prospective transferee's name, address and telephone number;
- c. Within thirty (30) days following completion of the sale or other transfer, the transferring Defendant shall provide to the United States by first-class mail a copy of the documents memorializing the transfer in interest of the dwelling unit(s);
- d. The transferring Defendant shall require the transferee, as a condition of the sale or other transfer, to agree in writing to perform all obligations and be liable for compliance with Sections II VII and XI XIII of this Order for the duration of this Order, with respect to the subject dwelling unit(s);
- e. If the transferring Defendant complies with parts a, b, c, and d, above, and thereby transfers all of Defendant's ownership, management, or other financial interest in the dwelling unit(s) to the purchaser or other transferee, Defendant will thereafter be relieved of Defendant's obligations under Sections II VII and XI XII of this Order, but only with respect to the dwelling units in which all interest was so transferred. Defendant shall otherwise remain liable for compliance with all sections of the Order and with respect to all other covered dwelling units.

30. If the proposed transfer of interest is not an arms-length transaction,

Defendant must comply with each requirement set out in the preceding subparagraph a, b, c, and
d, above. In addition, Defendant shall remain jointly and severally liable, along with the

purchaser or other transferee, for any violations of this Order with respect to the relevant

dwelling unit(s) for the duration of the Order. In addition, the transferring Defendant shall

otherwise remain liable for compliance with the Consent Order and with respect to all other

covered dwelling units.

XII. SCOPE AND DURATION OF CONSENT ORDER

- 31. The provisions of this Consent Order shall apply to Defendant, his employees, agents, successors, and all persons acting in active concert or participation with him.
- 32. This Consent Order is effective immediately upon its entry by the Court and shall remain in effect for three (3) years.
- 33. The Court shall retain jurisdiction for the duration of this Order to enforce the terms of the Order, after which time the case shall be dismissed with prejudice.
- 34. All parties shall be responsible for their own attorney's fees and court costs, except as provided for in Section XIII below.

XIII. REMEDIES FOR NON-COMPLIANCE, TIME FOR PERFORMANCE, AND MODIFICATIONS

- 35. The United States may move the Court to extend the period in which this Order is in effect if Defendant violates one or more terms of the Order.
- 36. Any time limits for performance imposed by this Order may be extended by mutual written agreement of the parties.

37. The parties to this Order shall endeavor in good faith to resolve informally any differences regarding interpretation of and compliance with this Order prior to bringing such matters to the Court for resolution. However, in the event the United States contends that there has been a failure by Defendant, whether willful or otherwise, to perform in a timely manner any act required by this Order or otherwise to comply with any provision thereof, the United States may move this Court to impose any remedy authorized by law or equity, including, but not limited to, an order requiring performance of such act or deeming such act to have been performed, and an award of any damages, costs, and attorney's fees which may have been occasioned by Defendant's violation or failure to perform.

38. The parties agree that in the event that Defendant engages in any future violation of the Fair Housing Act, such violation shall constitute a "subsequent violation" pursuant to 42 U.S.C. § 3614(d).

IT IS SO ORDERED:

This 16 th day of april, 2007.

CAREN E. SCHREIER

UNITED STATES DISTRICT COURT JUDGE

The terms of this Consent Order have been agreed to by the parties, as indicated by the signatures below, as well as by the Complainant, Fair Housing of the Dakotas, and Defendant Paul Hasse, and the parties request the entry of this Consent Order:

FOR THE UNITED STATES:

MARTY J. JACKLEY United States Attorney

DIANA RYAN Civil Chief 325 S. First Ave., Ste. 300 Sioux Falls, SD 57104 Phone: (605) 330-4400 STEVEN H. ROSENBAUM

Assistant Attorney General

Section Chief

WAN J. KIM

REBECCA B. BOND

Deputy Chief

MICHALYN STEELE

ELLIOT FLADEN

Trial Attorneys

Housing and Civil Enforcement Section

Civil Rights Division

950 Pennsylvania Ave., N.W. Northwestern Building, 7th Floor Washington, D.C. 20530 Phone: (202) 353-9331 Fax: (202) 514-1116

FOR FAIR HOUSING OF THE DAKOTAS:

Amy Nelson Executive Director

Fair Housing of the Dakotas

FOR DEFENDANT HASSE:

Paul M. Hasse

Exhibit A

List of Covered Dwelling Units

Address 816 W Main St Vermillion, South Dakota No. of Rental Units

Exhibit B

NONDISCRIMINATION POLICY

It is the policy of Paul Hasse to comply with Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, 42 U.S.C. §§ 3601 et seq., by ensuring that apartments are available to all persons without regard to familial status (having children under age 18). This policy means that, among other things, Paul Hasse and all agents or employees with responsibility for renting, or managing any dwelling units must not discriminate in any aspect of the rental of dwellings against qualified applicants or tenants because of familial status. Such agents and employees may not:

- a. Refuse to rent after the making of a bona fide offer, or refuse to negotiate for rental of, or otherwise make unavailable or deny, a dwelling to any person because of familial status;
- b. Discriminate against any person in the terms, conditions, or privileges of rental of a dwelling, or in the provision of services or facilities in connection therewith, because of familial status;
- c. Make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the rental of a dwelling that indicates any preference, limitation, or discrimination based on familial status, or an intention to make any such preference, limitation, or discrimination; or
- d. Coerce, intimidate, threaten, or interfere with any person in the exercise or enjoyment of, or on account of his or her having exercised or enjoyed, or on account of his or her having aided or encouraged any other person in the exercise or enjoyment of, any right granted or protected by the Fair Housing Act.

Any agent or employee who fails to comply with this non-discrimination policy will be subject to appropriate disciplinary action, which may include termination and/or eviction. Any action taken by an agent or employee that results in the unequal service, treatment or behavior to tenants on the basis of familial status may constitute a violation of state and federal fair housing laws.

Exhibit C

Employee/Agent Acknowledgment of Receiving and Reviewing Order and Nondiscrimination Policies and Procedures

I have received a copy of the Consent Order entered in *United States v. Paul Hasse*, Civil Action No. 06-4183 (D.S.D.). I have also received a copy of my employer's Nondiscrimination Policies and Procedures. The Consent Order and the Nondiscrimination Policies and Procedures were explained to me by my employer, and all questions concerning these documents were answered. I have read and understood the Consent Order and the Nondiscrimination Policies and Procedures.

DATE	
EMPLOYEE/AGEN	Γ NAME (PRINT)
EMPLOYEE/AGEN	Γ SIGNATURE

Exhibit D

NOTICE TO POTENTIAL VICTIMS OF HOUSING DISCRIMINATION BECAUSE OF FAMILIAL STATUS (HAVING CHILDREN UNDER AGE 18) AT 816 W. MAIN STREET, VERMILLION, S.D.

Under the Consent Order, a Settlement Fund has been established to compensate persons whose rights may have been violated by the owner of 816 W. Main Street. You may qualify to recover from this Settlement Fund if you asked about renting or applied to rent an apartment at 816 W. Main Street and, — because of your familial status or the familial status of someone who resided or would have resided with you — you were denied an opportunity to rent an apartment. You may also qualify to recover from this Settlement fund if—because of your familial status or the familial status of someone who resided or would have resided with you—you were discouraged from applying to live at 816 W. Main St., you asked about renting or applied to rent and were not informed of or offered all available apartments, or were otherwise discriminated against in connection with your tenancy or attempt to rent a unit.

If you believe you have been discriminated against because of familial status in connection with the above-listed property, please contact the United States Department of Justice at:

1-800-XXXXXXXX, mailbox xx.

You may also write to:

United States Department of Justice, Civil Rights Division Housing and Civil Enforcement Section, 950 Pennsylvania Ave. N.W. -G St, Washington, DC 20530. Attn: DJ # 175-69-39

You <u>must</u> call or write on or before [no more than 180 days after ______, 2007,] and your message or letter <u>must</u> include your name, address, and, if possible, at least TWO telephone numbers where you may be reached.

Exhibit E

Release

In consideration for the pain United States v. Paul Hasse, C payment to me of \$	ivil Action No , pursuant to ed to the facts on, and any oth gation up to ar defendant, all a ates, and all o areholders and	o. 06-4183 (D.S. o the Consent (at issue in the later claims arising including the related entities, of their past and	Order, I hereby release and itigation referenced above, ng from the housing e date of execution of this parents, predecessors, present directors, officers,	
Executed this	day of		, 2007.	
		[Print Na	me]	
		[Signatur	e]	