

**UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF ADMINISTRATIVE LAW JUDGES**

The Secretary, United States Department of)	
Housing and Urban Development,)	
on behalf of Anthony J. Baize,)	
Nicolas Valenzuela, and Lexington Fair Housing)	
Council, Inc.,)	
)	
Charging Party,)	FHEO No. 00-07-0008-8
)	FHEO No. 04-07-0414-8
v.)	FHEO No. 04-07-0415-8
)	
GuideOne Mutual Insurance Company,)	
Young Insurance Agency, and Robert and)	
Charolottea Lee, d/b/a Lee Insurance Agency,)	
)	
Respondents)	

CHARGE OF DISCRIMINATION

JURISDICTION

On or about December 21, 2006, Complainant Lexington Fair Housing Council, Inc. (“Complainant LFHC”) filed a complaint with the United States Department of Housing and Urban Development (“HUD”) alleging discrimination based on religion in violation of the Fair Housing Act, 42 U.S.C. §§ 3601-19 (“Act”). The complaint was amended on or about July 18, 2008 to name respondent GuideOne Mutual Insurance Company (“GuideOne”) and clarify allegations against respondents Robert and Charolottea Lee (in their individual capacities), d/b/a Lee Insurance Agency. Complainant LFHC alleged that GuideOne advertises its homeowners insurance policies in a discriminatory manner, based on religion. *See* 42 U.S.C. § 3604(c). LFHC also alleged that the Lees violated the Act by expressing preferences based on religion. *See* 42 U.S.C. § 3604(c).

On or about December 28, 2006, Complainant Nicolas Valenzuela (“Complainant Valenzuela”) filed a complaint with HUD alleging discrimination based on religion in violation of the Act. The complaint was amended on or about April 7, 2008 to name respondents GuideOne Mutual Insurance Company and Young Insurance Agency (“Young Insurance”). Complainant Valenzuela, who is agnostic, alleged that GuideOne provides different terms and conditions for its renters insurance, and advertises its insurance in a discriminatory manner, based on religion. *See* 42 U.S.C. § 3604(b) and

3604(c). In addition, Complainant Valenzuela alleged that Young Insurance violated the Act in its sales and advertisement of GuideOne's insurance policies. *See* 42 U.S.C. § 3604(b) and 3604(c).

On or about February 9, 2007, Complainant Anthony Baize ("Complainant Baize") filed a complaint with HUD, alleging that Respondent GuideOne Mutual Insurance Company violated the Act based on religion. In particular, Baize, who is an atheist, alleged that GuideOne provides different terms and conditions for homeowners insurance, and advertises its insurance in a discriminatory manner, based on religion. *See* 42 U.S.C. § 3604(b) and 3604(c).

The Act authorizes the Secretary of HUD to issue a Charge of Discrimination on behalf of aggrieved persons following an investigation and a determination that reasonable cause exists to believe that a discriminatory housing practice has occurred. 42 U.S.C. § 3610(g)(1) and (2). The Secretary has delegated that authority to the General Counsel, who has redelegated the authority to the Assistant General Counsel for Fair Housing Enforcement. 73 Fed. Reg. 68441, 68442 (Nov. 18, 2008).

The Director of the Office of Systemic Investigations, on behalf of the Assistant Secretary for Fair Housing and Equal Opportunity ("FHEO") determined, after investigation, that reasonable cause exists to believe that a discriminatory housing practice has occurred and authorized the issuance of this Charge. *See* Determination of Reasonable Cause filed herewith.

LEGAL AUTHORITY IN SUPPORT OF CHARGE

Based on FHEO's investigation of the allegations contained in the aforementioned complaints and Determination of Reasonable Cause, Respondents GuideOne, Young Insurance, and the Lees are charged with violating 42 U.S.C. § 3604(b) and (c) based on religion, as follows:

1. It is unlawful to discriminate against any person in the terms, conditions, or privileges of the sale or rental of a dwelling, or in the provision of services or facilities in connection with such a dwelling, because of religion. 42 U.S.C. § 3604(b); *see also* 24 C.F.R. § 100.65. This includes the refusal to provide property insurance for dwellings or to provide such insurance differently, because of religion. 24 C.F.R. § 100.70(d)(4).
2. It is unlawful to make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on religion or an intention to make any such preference, limitation, or discrimination. 42 U.S.C. § 3604(c). This includes statements or advertising that indicate any preference, limitation or discrimination with respect to property insurance. 24 C.F.R. §§ 100.70(d)(4) and 100.75.

FACTUAL ALLEGATIONS IN SUPPORT OF CHARGE

3. In Summer 2006, Complainant Valenzuela, a renter in the state of Kentucky, was interested in purchasing a renters insurance policy. He became aware of GuideOne while conducting an internet search. Complainant Valenzuela is an agnostic. Complainant Valenzuela is an aggrieved person as defined by 42 U.S.C. § 3602(i).
4. In Summer 2006, Complainant Baize, a homeowner in the state of Indiana, was interested in purchasing a new homeowners insurance policy to reduce his insurance premiums. He became aware of GuideOne's homeowners insurance policies through his friend, Complainant Valenzuela. Complainant Baize is an atheist. Complainant Baize is an aggrieved person as defined by 42 U.S.C. § 3602(i).
5. Complainant LFHC is located in Lexington, Kentucky. LFHC's mission is to promote fair housing and equal access and to educate the public regarding fair housing. LFHC became aware of GuideOne's advertising and marketing of homeowners insurance policies, including the "FaithGuard" insurance endorsement, via communications with Complainants Baize and Valenzuela. Complainant LFHC is an aggrieved person as defined by 42 U.S.C. § 3602(i).
6. Respondent GuideOne Mutual Insurance Company is headquartered at 1111 Ashworth Road, West Des Moines, Iowa. GuideOne's website markets, publishes, and advertises the company as "America's leading insurer of churches, churchgoers, and faith-based institutions." The website also states that GuideOne "specializes in meeting the unique needs of churches [and] churchgoers."
7. Respondent Young Insurance Agency is an independent seller of insurance policies licensed in the state of Kentucky and is located at 3832 Taylorsville Road, Suite 1, Louisville, Kentucky. Young Insurance sells GuideOne homeowners and renters insurance policies. Young Insurance's webpage is part of GuideOne's network of websites.
8. Respondents Robert and Charolottea Lee, d/b/a Lee Insurance Agency, are independent sellers of insurance policies licensed in the state of Kentucky. The Lees' offices are located at 1018 East New Circle Road, Suite 210, Lexington, Kentucky. The Lees sell GuideOne homeowners and renters insurance policies. The Lees' webpage is part of GuideOne's network of websites.
9. Respondent GuideOne offers homeowners and renters insurance policies which its website describes as having "enhanced" "FaithGuard" protection "for churchgoers to protect their church activities, travel, and lifestyle." GuideOne's website states that, in addition to "all of the features and benefits" of a "standard" homeowners insurance policy:

FaithGuard offers churchgoers the following features at no additional charge:

- The deductible is waived if there is a loss of personal property while it is in the care, custody, or control of the church.
- Church tithing or donations (up to \$750) are paid if the insured suffers a loss of income from a disability caused by any accident at the insured's residence.
- Medical limits for an injury are doubled if the policyholder hosts an activity at home on behalf of the insured's church and an attendee is injured during the activity.

10. Respondent GuideOne advertises its homeowners insurance policies and its enhanced "FaithGuard" protection in radio advertisements introduced by the sounds of church bells and hymns.
11. Respondent GuideOne's marketing statements prefer Christians specifically and the religious generally, through the use of Christian terminology, including: "churches," "people of faith," "churchgoers," and "tithing."
12. In or about early July, 2006, Complainant Valenzuela became aware of Respondent GuideOne while searching the internet for information about insurance policies. In or about early August, 2006, he contacted Respondent Young Insurance Agency to obtain more information about GuideOne's renters insurance. An agent from Young Insurance provided Valenzuela with a quote for a GuideOne renters insurance policy with the FaithGuard endorsement.
13. Complainant Valenzuela did not purchase a policy from Respondent GuideOne because of the preference for Christians and/or the religious in the terms and conditions of the FaithGuard endorsement, as well as advertising and statements on the company's website that expressed a discriminatory preference for Christians and/or the religious. Valenzuela believed that he would be ineligible to benefit from the FaithGuard protections because he is agnostic, not a churchgoer, not Christian and not a person of faith; and so he filed a complaint with HUD.
14. In or about mid July, 2006, Complainant Baize conducted a search on Respondent GuideOne's website for insurance agents in his area. He contacted two agents, one of whom provided him with a quote for a policy that was less expensive than the policy he had at that time.
15. Despite the lower cost of Respondent GuideOne's policy, Complainant Baize did not purchase a policy with GuideOne because of the advertised preference for Christians specifically and the religious generally, as well as the terms and conditions of the FaithGuard insurance endorsement's "enhanced" and "unique" benefits available to churchgoers, but not to others. Because Baize believed that the benefits of the FaithGuard endorsement accrued to churchgoers only, and that the FaithGuard endorsement's terms and conditions and advertising expressed a

discriminatory preference towards people of faith (i.e., Christians and/or the religious), he filed a complaint with HUD.

16. In or about July, 2006, Complainant LFHC became aware of Respondent GuideOne's marketing and advertising for homeowners and renters insurance policies with the FaithGuard endorsement via communications with Complainants Baize and Valenzuela.
17. Complainant LFHC investigated Respondent GuideOne through such means as research, review of public records and testing. Between July and October, 2006, at Complainant LFHC's direction, testers, posing as individuals seeking insurance products, inquired about GuideOne insurance policies with the FaithGuard endorsement via phone calls to Respondents Lee.
18. Complainant LFHC conducted tests of how the Lees presented and sold GuideOne homeowners and renters insurance policies with the FaithGuard endorsement. Two testers reported that Respondents Lee expressed a preference for Christians and/or the religious. One tester stated that in response to a query about GuideOne's insurance products, an agent told him that there were discounts for church attendance and other religious attendance. Another tester stated that an agent said they worked with a lot of churches, and that there were discounts if an individual goes to church or is Christian.
19. Complainant LFHC believes that GuideOne's homeowners insurance policies with the FaithGuard endorsement and GuideOne's marketing and advertising materials expressing a preference towards religious individuals threaten LFHC's mission of ensuring equal access to housing and related services. Additionally, the Lees' provision of a quote for a GuideOne insurance policy with the FaithGuard endorsement, along with various statements to the testers of preference towards religious individuals, threatens LFHC's mission of promoting equal access to housing.
20. Complainants Baize and Valenzuela, who are atheist and agnostic, respectively, cannot benefit from protections available to Christians, churchgoers and/or people of faith through the FaithGuard endorsement to GuideOne's homeowners and renters insurance policies.
21. As described above, Respondents GuideOne, Young Insurance, and the Lees violated subsection 804(b) of the Act by offering and providing homeowners and renters insurance with terms and conditions that discriminate based on religion. 42 U.S.C. § 3604(b); 24 C.F.R. § 100.70(d)(4).
22. As described above, Respondents GuideOne, Young Insurance, and the Lees violated subsection 804(c) of the Act by making and publishing statements and advertisements that indicate a preference, limitation, or discrimination, based on religion. 42 U.S.C. § 3604(c); 24 C.F.R. §§ 100.70(d)(4) and 100.75.

23. As a result of Respondents' discriminatory conduct, Complainants have suffered damages. Baize and Valenzuela have suffered actual damages, including emotional distress and inconvenience. Because of Respondents' discriminatory conduct, LFHC has also suffered damages. LFHC has had to divert organizational resources to investigate the alleged violations and its mission has been frustrated by Respondents' conduct.

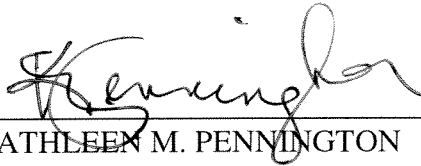
CONCLUSION

WHEREFORE, the Secretary of HUD, through the Office of General Counsel and pursuant to 42 U.S.C. § 3610(g)(2)(A), hereby charges the Respondents with engaging in discriminatory practices in violation of 42 U.S.C. § 3604(b) and (c) and prays that an order be issued that:

1. Declares that the discriminatory housing practices of Respondents, as set forth above, violate the Fair Housing Act, 42 U.S.C. § 3604(b) and (c);
2. Enjoins Respondents, their agents, employees, successors, and all persons in active concert or participation with them, from discriminating because of religion against any person, in violation of the Fair Housing Act;
3. Awards such damages, pursuant to 42 U.S.C. § 3612(g)(3), as will fully compensate Complainants Baize and Valenzuela for the damages they have suffered as a result of Respondents' violations of the Act, and as will fully compensate Complainant LFHC for its economic loss and frustration of mission caused by Respondents' discriminatory conduct in violation of the Act;
4. Assesses civil penalties of sixteen thousand dollars (\$16,000), pursuant to 24 C.F.R. § 180.671(a)(1), against each Respondent for each violation of the Act for which each is liable;
5. Enjoins Respondents, their agents, employees, successors, and all persons in active concert or participation with them from retaliating against, 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, any rights granted or protected under the Act.

The Secretary of HUD further prays for such additional relief as may be appropriate under 42 U.S.C. § 3612(g)(3).

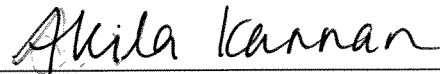
Respectfully submitted, on this 17th day of February, 2009.



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