

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.) Civil Action No.
)
 RIDGE WAY MANAGEMENT, LTD.;)
 EMIL BAGI; 35590 CENTER RIDGE)
 ROAD TRUST; and ALEXANDRA R.)
 LARSON, in her Capacity as TRUSTEE)
 OF 35590 ENTER RIDGE ROAD TRUST,)
)
 Defendants.)
 _____)

CONSENT DECREE

1. The United States initiated this action on October 2, 2014, to enforce the Fair Housing Act (“FHA”), 42 U.S.C §§ 3601-3619.
2. Ridge Plaza Apartments consists of approximately thirty-four (34) apartments, and is located at 6751 Ridge Plaza Drive, North Ridgeville, Ohio. The apartments are dwellings within the meaning of the FHA, 42 U.S.C. § 3602(b).
3. Defendant Ridge Way Management, Ltd., an Ohio based and licensed limited liability corporation, provides property management services to residential and commercial properties in the North Ridgeville, Ohio area, including Ridge Plaza Apartments. Defendant Emil Bagi is a principal of Ridge Way Management, Ltd., and he personally manages Ridge Plaza Apartments. Mr. Bagi resides in Westlake, Ohio.
4. Defendant 35590 Center Ridge Road Trust is the titled owner of record of the Ridge Plaza Apartments, and Alexandra R. Larson, an Ohio resident, is its Trustee.

5. During March and April of 2013, the United States Department of Justice (“DOJ”) conducted testing to evaluate Defendants’ compliance with the Fair Housing Act in the operation of the Ridge Plaza Apartments. Testing is a well-established and judicially recognized simulation of a housing transaction that compares the information, services, and treatment given by housing providers to different types of home-seekers to determine whether illegal discrimination is occurring.

6. The fair housing tests the DOJ conducted at Ridge Plaza Apartments were recorded. The Defendants acknowledge that, if this case were to proceed to trial, the United States would proffer, *inter alia*, the following evidence:

- (a) Emil Bagi quoted higher rents for what he represented to be the same apartments to three African-American testers than to three white testers;
- (b) Emil Bagi quoted higher application fees to three African-American testers than to three white testers; and
- (c) Emil Bagi told the two African-American testers for whom he was the first management representative they spoke to that they had to make an appointment to view an available apartment even though they had told him they were at the Ridge Plaza Apartments site, but he showed all three white testers apartments without requiring an appointment, telling two of them that appointments were usually necessary but that he would make an exception because they were already at the property.

7. In its Complaint, the United States alleged that Emil Bagi was an agent of the property management company that provided management services for Ridge Plaza Apartments and an agent for the property owner, Ridge Way Management, Ltd. and 35590 Center Ridge

Road Trust, respectively. Therefore, the Complaint alleged, both entities were vicariously liable for Mr. Bagi's conduct.

8. The United States' Complaint further alleged that Emil Bagi engaged in a pattern or practice of discrimination on the basis of race or color and/or denied to a group of persons rights granted by the FHA by:

- (a) Stating different terms and conditions for apartment rental to African-American testers than to white testers;
- (b) Providing a lesser level of services to African-American testers in connection with the rental of apartments than to white testers; and
- (c) Representing to African-American testers, but not white testers, that apartments were not available for inspection when they are in fact so available.

9. In an effort to avoid the risks and expenses of contested litigation, the parties have voluntarily agreed, as indicated by the signatures below, to resolve the United States' claims against Defendants without the necessity of a hearing on the merits.

Wherefore, it is ORDERED, ADJUDGED and DECREED:

I. GENERAL INJUNCTION

10. Defendants, along with their principals, agents, employees, and all persons in active concert with Defendants, are enjoined from:

- (a) Stating different, less favorable terms and conditions for apartment rental to African-American households than to white households because of race or color, in violation of 42 U.S.C. § 3604(b);

- (b) Providing a lesser level of services to African-American households in connection with the rental of apartments than to white households because of race or color, in violation of 42 U.S.C. § 3604(b); and
- (c) Misrepresenting the availability for inspection or rental of dwellings on the basis of race or color, in violation of 42 U.S.C. § 3604(d).

II. NOTICE TO PUBLIC OF NONDISCRIMINATION POLICY

11. Within thirty (30) days of the date of entry of this Consent Order, Defendants shall take the following steps to notify the public of their non-discrimination policy:

- (a) Post and prominently display in all offices or areas Defendants may currently or subsequently use for the rental of dwellings and all areas that Defendants may currently or subsequently use to instruct people how to contact them in connection with the rental of dwellings, a sign no smaller than ten (10) inches by fourteen (14) inches indicating that all dwellings are available for rental on a nondiscriminatory basis. A poster that comports with 24 C.F.R. Part 110 will satisfy this requirement.
- (b) Include the following written statement in all advertisements for rentals, including advertisements in newspapers, internet webpages, flyers, handouts, signs, and any other written or electronic materials, and all rental applications and all leases: “We are an equal opportunity housing provider. We do not discriminate on the basis of race, color, religion, sex, disability, familial status (having children under age 18), or national origin.”

12. Within thirty (30) days of the date of entry of this Order, the Defendants shall present to the United States for its review a written nondiscriminatory set of rental policies and procedures. These policies and procedures shall include the following: creation and maintenance of apartment availability lists; publicizing of available apartments; creation and maintenance of apartment inquiry logs; creation and maintenance of waiting lists, as well as procedures to be followed and records to be kept of contacts with persons on such lists; if apartments are to be shown only by appointment, creation and maintenance of records to show when appointments are made and whether they are kept; objective written rental criteria; and a procedure for recording the race or color of persons inquiring about, applying for, and/or renting an apartment. These policies and procedures shall not be implemented until the United States notifies Defendants that it has no objection to them. If the parties cannot agree on such policies and procedures, either party may present the matter to the Court for resolution. During the term of this Order, Defendants may not change these policies and procedures without providing the United States thirty (30) days written notice and obtaining the latter's non-objection to them.

13. The policies and procedures implemented pursuant to Paragraph 12 shall be posted together with the fair housing poster required by Paragraph 11 in all the same locations, and a copy shall be made available to any person upon request.

III. MANDATORY TRAINING

14. Defendants have represented that, as of the date of this Order, Emil Bagi is the only person involved in the management of, or the rental of apartments at, Ridge Plaza Apartments and any other residential rental properties managed by Ridge Way Management. Within thirty (30) days of the date of entry of this Consent Order, Mr. Bagi shall attend an educational program that will offer instruction regarding his or her obligations under this Order

and the federal Fair Housing Act. Defendants shall pay the cost of this educational program. The trainer or training entity shall be qualified to perform such training, independent of Defendants or their counsel, and approved in advance by the United States.

15. Any additional persons who become involved in the management of, or the rental of units at, Ridge Plaza Apartments and any other residential rental properties managed by Ridge Way Management during the term of this Order shall attend the training program referenced in Paragraph 14 within thirty (30) days of beginning such responsibilities.

16. All persons who complete the training program referred to above shall certify that he or she has participated in the educational training program, that he or she has received and read a copy of this Order, and that he or she understands and acknowledges his or her duties and responsibilities under this Order and the federal Fair Housing Act by completing an acknowledgement in the form of Attachment A to this Order.

IV. REPORTING AND RECORD KEEPING REQUIREMENTS

17. Defendants shall submit to counsel for the United States a report on their compliance with the terms of this Consent Order on the following schedule: (a) a first report one hundred eighty (180) days after its date of entry; (b) a second report one year after the first; and (c) a third report one year and three months after the second.¹ The compliance report shall include: (a) all signed training acknowledgement forms for the previous months, pursuant to Paragraph 16; (b) copies of any advertising for Ridge Plaza Apartments in any print or electronic

¹ All documents and correspondence required to be sent to the United States under this Order shall be sent by commercial overnight delivery service addressed as follows: Chief, Housing and Civil Enforcement Section, Civil Rights Division, U.S. Department of Justice, 1800 G Street NW, Suite 7002, Washington, DC 20006, Attn: DJ# 175-57-672. Alternatively, it may be faxed to (202) 514-1116.

media published since the submission of the prior report; (c) copies of all applications for tenancy and new leases executed during the previous months; (d) copies of apartment availability lists, inquiry logs, waiting lists, and other records maintained pursuant to Paragraph 12; and (e) photographs showing the poster and policies described in Paragraphs 11 and 12 posted and prominently displayed in the Ridge Plaza Apartments' lobby and any leasing office utilized by Defendants.

18. During the term of this Order, Defendants shall notify counsel for the United States in writing within fifteen (15) days of receipt of any written or oral complaint against Defendants alleging housing discrimination in violation of the federal Fair Housing Act and/or any state or local statute that prohibits housing discrimination. If the complaint is written, Defendants 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. Defendants shall also promptly provide the United States all information it may request concerning any such complaint and shall inform the United States in writing within fifteen (15) days of the terms of any resolution of such a complaint.

19. During the term of this Order, Defendants shall preserve all records related to this Consent Order and to the operation and management of Ridge Plaza Apartments. Such documents include, but are not limited to, applications, rent rolls, waiting lists, leases, tenant files, and advertisements. Upon reasonable notice to Defendants, representatives for the United States shall be permitted to inspect and copy any records related to this Consent Order so as to determine compliance with the Consent Order, provided, however, that the United States shall endeavor to minimize any inconvenience to Defendants.

V. COMPLIANCE TESTING

20. The United States may take steps to monitor Defendants' compliance with this Consent Order including, but not limited to, conducting fair housing tests at Ridge Plaza Apartments, and any other residential rental properties owned or managed by any defendant, to determine if Defendants are violating any part of this Order.

VI. COMPENSATION OF AGGRIEVED PERSONS

21. Within fifteen (15) days of the date of entry of this Consent Order, Defendants shall deposit twenty thousand dollars (\$20,000.00) into an interest-bearing escrow account ("Settlement Fund") for the purpose of paying damages to any aggrieved persons who may have suffered harm as a result of Defendants' discriminatory conduct. Any interest that accrues to the Settlement Fund shall become part of the Fund and be utilized as set forth herein. In addition, within five (5) business days of the establishment of the Settlement Fund, Defendants shall submit proof to the United States that this account has been established and the funds deposited.

22. Within thirty (30) days of the date of entry of this Consent Order, Defendants shall arrange and publish a Notice to Potential Victims of Housing Discrimination ("Notice") as attached hereto at Attachment B, 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 both The Chronicle Telegram and The Call and Post. The publication dates shall be separated from one another by at least seven (7), but no more than fourteen (14), days. Defendants shall provide proof to Counsel for the United States that the Notices have been published within ten (10) days after the last advertisement has been published.

23. The United States shall make a preliminary determination of which persons are aggrieved and an appropriate amount of damages that should be paid to each such person from the Settlement Fund. The United States will inform Defendants in writing of its preliminary determinations. Defendants shall have twenty-one (21) days to review those determinations and provide any documents or information that they believe may refute the claim to the United States.

24. After receiving and reviewing Defendants' 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 any documents or information submitted by Defendants or their concurrence with the United States' recommendations. Within fourteen (14) days of a Court order providing for the distribution of funds to aggrieved persons, Defendants shall deliver to counsel for the United States checks payable to the aggrieved persons in the amounts approved by the Court.

25. In no event shall the aggregate of all checks to the aggrieved persons exceed the sum of \$20,000.00 plus accrued interest.

26. When counsel for the United States has received a check from Defendants payable to an aggrieved person and a signed release in the form of Exhibit C from the aggrieved person, counsel for the United States shall deliver the check to the aggrieved person and the original, signed release to Defendants. No aggrieved person shall be paid until he or she has signed and delivered to counsel for the United States the release at Exhibit C.

27. In the event that less than the total amount in the Settlement Fund, including accrued interest, is distributed to aggrieved persons, the remainder shall be distributed to one or more qualified organizations for the purpose of conducting fair housing enforcement or

educational activities in the suburban Cleveland metropolitan area. Defendants will consult with and obtain the non-objection of the United States in selecting the recipient(s) of these remaining funds. The parties shall obtain the Court's approval prior to distributing any of the Settlement Fund's remaining assets. Defendants shall require each recipient organization to submit to Defendants and the United States a detailed report of how such funds are used within one year after the funds are distributed.

VII. CIVIL PENALTY

28. Within thirty (30) days of the date of entry of this Consent Order, Defendants shall pay a total of ten thousand dollars (\$10,000.00) to the United States as a civil penalty, pursuant to 42 U.S.C. 3614(d)(1)(C). This payment shall be in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

29. In the event that Defendants or any of their officers, principals, agents, or employees are found liable for any future violation of the Fair Housing Act, such violation shall constitute a "subsequent violation", pursuant to 42 U.S.C. § 3614(d)(1)(C)(ii).

VIII. RELEASE OF LITIGATION HOLDS

30. The parties agree that, as of the date of entry of this Consent Order, litigation is not "reasonably foreseeable" concerning the subject matter of the United States' complaint. To the extent that any of the parties previously implemented a litigation hold to preserve documents, electronically stored information, or things related to the matters described herein, the party is no longer required to maintain such a litigation hold. Nothing in this paragraph relieves the parties of any other obligation imposed by this Order.

IX. SCOPE AND DURATION OF CONSENT ORDER

31. The provisions of this Consent Order shall apply to Defendants, their principals, partners, employees, agents, successors, and all persons acting in active concert or participation with any of them.

32. If, at any time during the term of this Consent Order, Ridge Way Management or Emil Bagi, acting in any capacity, acquires a direct or indirect ownership, management, or other financial interest in any other residential rental property, said property shall immediately become subject to all relevant provisions of this Order. Defendants shall notify counsel for the United States within ten (10) days of acquiring any such interest. The notice shall include identification of the nature of the defendant's interest in the property; the property address; the number of individual rental dwelling units; the number of bedrooms in each unit; and the name and race of any existing tenants.

33. This Order is effective immediately upon its entry by the Court and shall remain in effect for three years from the date of entry.

34. The Court shall retain jurisdiction over this action for all purposes related to the settlement of this matter. The case shall be closed after the Court approves of final recommendations subject to reopening by either party.

35. The United States may move the Court to extend the term of this Order if it reasonably believes that any Defendant has likely violated one or more terms of this Order or if the interests of justice otherwise require an extension.

36. 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 that any Defendant either fails to perform in a timely manner any act required by this Order or acts in violation of any provision of this Order, the United States may move the Court to impose any remedy authorized by law or equity, including, but not limited to, an order requiring performance or non-performance of certain acts and an award of any damages and costs that may have been occasioned by Defendants' action or inaction.

37. Any time period set forth within this Order for the performance of any act may be changed by written agreement of the parties without Court approval. Any other modifications to this Order may be made only with Court approval.

X. COSTS OF LITIGATION

38. All parties shall be responsible for their own attorney's fees and costs associated with this action.

IT IS SO ORDERED:

This 2nd day of October, 2014.

/s/ Patricia A. Gaughan

UNITED STATES DISTRICT JUDGE

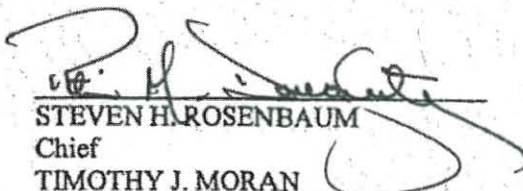
By their signatures below, the parties consent to the entry of this Consent Order.

FOR THE UNITED STATES:

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ATTACHMENT A

CERTIFICATE OF ATTENDANCE

I, _____, hereby acknowledge that on _____, I completed training conducted by _____ on the requirements of the Fair Housing Act, 42 U.S.C. §§ 3601-19, and the Consent Order entered by the United States District Court for the Northern District of Ohio in United States v. Ridge Way Management, Ltd., et al., No. _____. I have also received and read a copy of that Consent Order.

I understand my obligation to not discriminate against any person in any aspect of the rental of a residential dwelling because of race, color, religion, national origin, disability, familial status (having children under age 18), or sex.

I also understand my obligation not to retaliate against any individual for exercising a right protected by the Fair Housing Act, in violation of Section 818 of the Act, 42 U.S.C. § 3617.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, _____.

(Signature)

(Print name)

ATTACHMENT B

NOTICE TO POSSIBLE VICTIMS OF HOUSING DISCRIMINATION

On [], the United States District Court for the Northern District of Ohio entered a Consent Order resolving a lawsuit brought by the United States against Emil Bagi, Ridge Way Management, and others, who own and manage the Ridge Plaza Apartments, located at 6751 Ridge Plaza Drive in North Ridgeville, Ohio. The lawsuit alleged that the Defendants discriminated on the basis of race against applicants and potential applicants for apartments at Ridge Plaza Apartments, primarily by:

- Offering to rent apartments on different terms and conditions to African-Americans
- Providing fewer services in connection with apartment rentals to African-Americans
- Providing different information about apartments available for inspection to African-Americans

Persons who were discriminated against because of their race by the Defendants may be entitled to monetary relief under the terms of the Consent Order.

If you believe you may have been discriminated against in any way described above, or if you have information about someone else you believe may have been, please contact the United States Department of Justice, no later than _____, at: 1-800-896-7743 and select menu option _____. You may also write to:

**United States Department of Justice
Civil Rights Division
Housing and Civil Enforcement Section
1800 G Street, N.W., Suite 7002
Washington, DC 20006
Attn: DJ# 175-57-672**

Your telephone message or letter must include your name, address, and, if possible, at least TWO telephone numbers or an email address where you may be reached.

ATTACHMENT C

FULL AND FINAL RELEASE

In consideration for the parties' agreement to the terms of the Consent Order entered in United States v. Ridge Way Management, Ltd., et al., CA No. _____, in the United States District Court for the Northern District of Ohio and Defendants' payment to me of _____, pursuant to the Consent Order, I hereby fully release and forever discharge Ridge Way Management, Ltd., Emil Bagi, 35590 Center Ridge Road Trust, and Alexandra R. Larson as Trustee of 35590 Center Ridge Road Trust, and their insurers, attorneys, agents, employees, heirs, executors, and administrators and any persons acting under their respective direction or control from any and all fair housing claims set forth, or which could have been set forth, in the Complaint in this lawsuit that I may have had against any of them for any of their actions or statements related to those claims through the date of entry of the Consent Decree.

Executed this _____ day of _____.

(Signature)

(Print Name)

(Home Address)
