

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA

KHRISTEN SELLERS, ALFREDA)
CROWDER, LATOYA HASTY,)
SHANNON BASS, ANGELA)
ALLBROOKS, LATINA)
COVINGTON, JUDY MCKOY,)
ANGELA MOOREHOUS, MELISSA)
BASS, CHRISTY LEVINER, LAURA)
MONLEY, CANDACE STEWART,)
JESSICA ELVIS, SHELBY FARRIS, and)
SAMANTHA OXENDINE,)
)
)
Plaintiffs,) Case No. 1:14-cv-422
)
v.)
)
)
JOHN WESLEY, ERIC PENDER, and)
SOUTHEASTERN COMMUNITY)
AND FAMILY SERVICES, INC.)

UNITED STATES OF AMERICA)
)
Plaintiff,) Case No. 1:14-cv-01032
)
v.)
)
)
JOHN WESLEY, ERIC PENDER, and)
SOUTHEASTERN COMMUNITY)
AND FAMILY SERVICES, INC.)

CONSENT DECREE

I. INTRODUCTION

1. On September 10, 2012, three private plaintiffs¹ filed an action in state court against Southeastern Community and Family Services, Inc. (“SCFS”), John Wesley, and Eric Pender. The complaint asserted several state law causes of action. In April 2014, the Private Plaintiffs filed a Second Amended Complaint, alleging violations of the Fair Housing Act (“FHA”). Defendants, one month later, removed the case to this Court, and the Private Plaintiffs thereafter filed Third and Fourth Amended Complaints.

2. On December 10, 2014, the United States filed a separate action to enforce the Fair Housing Act against the same defendants. The Court consolidated these actions on June 16, 2015.

3. Specifically, the United States and the Private Plaintiffs allege that Defendants Wesley and Pender have subjected female applicants and participants in the Section 8 Voucher program to discrimination on the basis of sex, including severe, pervasive, and unwelcome sexual harassment, on multiple occasions. Such conduct is alleged to have included, but is not limited to:

- a. Making unwelcome sexual comments and unwelcome sexual advances to female applicants and participants in the Section 8 Voucher program, including subjecting them to unwanted sexual touching;
- b. Touching themselves in a sexual manner and exposing their genitals in the presence of female applicants and participants in the Section 8 Voucher program;

¹ The suit was initially brought by three plaintiffs, Kristen Sellers, Alfreda Crowder, and Latoya Hasty. The Complaint has been amended four times and now includes fifteen plaintiffs. Private Plaintiffs’ counsel also represent Melody Radford in this suit.

- c. Conditioning or offering tangible housing benefits – such as advancing female applicants on the Section 8 waiting list and increasing female participants’ Section 8 benefits -- in exchange for sexual acts; and
- d. Taking adverse housing actions, or threatening to take such actions, against female applicants and participants in the Section 8 Voucher program who have not granted or would not continue to grant sexual favors.

4. The United States and the Private Plaintiffs allege that the discriminatory incidents described herein occurred while Defendants Wesley and Pender were exercising their authority as employees of SCFS. The United States and the Private Plaintiffs further allege that SCFS is liable for the actions of Defendants Wesley and Pender because SCFS hired Wesley and Pender, knew or should have known of Wesley’s and Pender’s discriminatory conduct, had the authority to take preventive and corrective action, and failed to take reasonable preventive or corrective measures.

5. By the actions and statements described above, the United States and the Private Plaintiffs allege that the Defendants have:

- a. Discriminated in the terms, conditions, or privileges of the rental of dwellings, or in the provision of services or facilities in connection therewith, because of sex, in violation of 42 U.S.C. § 3604(b);
- b. Made statements with respect to the rental of dwellings that indicate a preference, a limitation, or discrimination based on sex, in violation 42 U.S.C. § 3604(c); and
- c. Coerced, intimidated, threatened, or interfered with persons in the exercise or enjoyment of, or on account of their having exercised or enjoyed, their rights

granted or protected by Section 804 of the Fair Housing Act, in violation of 42 U.S.C. § 3617.

6. The United States further alleges that the conduct of the Defendants constitutes:
 - a. A pattern or practice of resistance to the full enjoyment of the rights granted by the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*, or
 - b. A denial to a group of persons of rights granted by the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*, which denial raises an issue of general public importance.

7. Defendants each have denied, and continue to deny, the allegations made by the United States and the Private Plaintiffs against them, and further deny that any violation of the Fair Housing Act has occurred and that they are liable for such alleged violations. This Consent Decree, including the payment of money for the Settlement Fund and civil penalty, shall not be construed as an admission or stipulation by any Defendant that they engaged in the improper acts or conduct alleged by either the Private Plaintiffs or the United States, or a finding of fact by the Court, as to the veracity and validity of the allegations or claims made against them in the lawsuits filed by either the Private Plaintiffs or the United States.

8. By their signatures below, the parties hereby consent to the entry of this Consent Decree.

ACCORDINGLY, it is hereby ADJUGDGED, ORDERED AND DECREED:

II. SCOPE OF THE CONSENT DECREE

9. The provisions of this Consent Decree shall apply to all Defendants and their officers, agents, employees, successors and assigns.

10. This Consent Decree is effective immediately upon its entry by the Court. For purposes of this Consent Decree, the phrases “date of the Consent Decree” and “effective date” shall refer to the date on which the Court enters the Consent Decree.

III. GENERAL INJUNCTION – ALL DEFENDANTS

11. Defendants, their officers, agents, employees, successors and assigns, are enjoined, with respect to the rental of a dwelling, including with respect to the Section 8 Voucher program, from:

- a. Discriminating against any person in the terms, conditions or privileges of renting a dwelling unit, or in the provision of services or facilities in connection therewith, because of sex;
- b. Making, printing, publishing, or causing to be made any notice, statement or advertisement with respect to the rental of a dwelling unit that states any preference, limitation or discrimination based on sex; or
- c. Coercing, intimidating, threatening or interfering with any person in the exercise or enjoyment of, or on account of having exercised or enjoyed, or on account of having aided and encouraged any other person in the exercise or enjoyment of, any right granted by the Fair Housing Act.

IV. INJUNCTION CONCERNING DEFENDANTS WESLEY AND PENDER

12. Defendants Wesley and Pender are permanently enjoined from directly or indirectly participating in any Section 8 Voucher program responsibilities, either through housing benefits provided by SCFS or another provider of such housing benefits. For purposes of this Decree, “Section 8 Voucher program responsibilities” includes accepting Section 8 Voucher applications; managing the order of applications on the Section 8 Voucher waiting list;

determining the amount of Section 8 Voucher benefits a participant receives; determining whether Section 8 Voucher benefits will continue on an annual basis; scheduling inspections and re-inspections of rental units for compliance with the Section 8 Voucher program; and inspecting and re-inspecting rental units for compliance with Section 8 Voucher requirements

13. Defendants Wesley and Pender are permanently enjoined from directly or indirectly participating in any property management responsibilities at any residential rental property. For purposes of this Decree, “property management responsibilities” includes showing and renting units; processing rental applications; making, responding to, or supervising repairs or maintenance; setting rents and security deposits; determining tenant eligibility for subsidies or waivers of fees and rent; determining whom to rent to, whom to evict, and/or whose lease to renew or not renew; inspecting dwelling units; collecting rent and fees; overseeing all aspects of the rental process; and engaging in any other property management activities that involve, or may involve, personal contact with tenants or prospective tenants.

14. Defendants Wesley and Pender have both represented that they do not own or control any residential rental properties. Defendant Pender, however, has indicated that he might seek to own residential rental properties in the future. Should Defendant Pender come to have any direct or indirect ownership or control of any other residential rental property, he shall be required, within no more than fifteen (15) days of acquiring such ownership or control, to retain an independent manager, approved by the United States (hereinafter “Independent Manager”) to manage such properties. For the purposes of this Consent Decree, an “Independent Manager” is an individual or entity that is experienced in managing residential rental properties and in which Defendant Pender, or any corporations or entities of which he is an officer, partner, employee or agent, has no current or past financial, contractual, personal, or familial relationship.

15. If after retaining the Independent Manager, Defendant Pender wishes to change Independent Managers, he may do so, provided that any such subsequent Independent Manager must also be approved in advance by the United States.

16. The Independent Manager shall maintain a place of business other than the personal residences of Defendant Pender and any of the other Defendants. No tenant shall be required to go to any Defendant's personal residence to transact business related to his or her tenancy.

17. Only the Independent Manager shall be authorized to perform any aspect of management of Defendant Pender's propert[ies] that are rented or available for rent, including but not limited to showing and renting units; processing rental applications; making, responding to, or supervising repairs; setting rents and security deposits; determining tenant eligibility for subsidies or waivers of fees and rent; determining whom to rent to, whom to evict, and/or whose lease to renew or not renew; inspecting dwelling units; collecting rent and fees; overseeing all aspects of the rental process; and engaging in any other management activities at Defendant Pender's propert[ies] that involve, or may involve, personal contact with tenants or prospective tenants.

18. For as long as Defendant Pender owns or otherwise controls any residential rental properties, the Independent Manager shall be required to do the following:

- a. Ensure that any and all employees who will be performing any duties in relation to Defendant Pender's propert[ies] are familiar with the requirements of the Fair Housing Act, particularly as they pertain to sex discrimination and sexual harassment; and

- b. Notify the United States² in the event the Independent Manager obtains any information indicating that Defendant Pender is in violation of this Consent Decree or the Fair Housing Act.

19. Defendant Pender shall not enter the premises of any of the Defendant Pender's property[ies] except upon prior approval by the United States for an inspection with the Independent Manager or in the event of exigent circumstances, but only for the period of the exigency. The Independent Manager must accompany Defendant Pender to any such inspection and remain physically present on the premises at all times that Defendant Pender is on the premises of the property.

20. Defendant Pender hereby consents to counsel for the United States communicating directly with the Independent Manager regarding Defendant Pender's compliance with this Consent Decree without the involvement or participation of Defendant Pender or his counsel.

21. No other provision of this Consent Decree should be construed to permit Defendant Pender to engage in any activities or conduct prohibited in Section IV above.

V. INDEPENDENT MANAGER OF SCFS SECTION 8 VOUCHER PROGRAM

22. Should Defendant SCFS continue to administer the Section 8 Voucher program for Scotland County, North Carolina, SCFS shall, within no more than thirty (30) days from the date of this Consent Decree, retain an independent manager, approved by the United States

² All documents or other communications required by this Consent Decree to be sent to counsel for the United States shall be sent by commercial (non-USPS) overnight delivery service addressed as follows: Chief, Housing and Civil Enforcement Section, Civil Rights Division, United States Department of Justice, 1800 G Street, N.W., Suite 7002, Washington, D.C. 20006, Attn: DJ 175-54M-79, or as otherwise directed by the United States. Facsimile transmissions shall be sent to (202) 514-1116.

(hereinafter “Independent Manager”) to manage the Section 8 Voucher program. For the purposes of this Consent Decree, an “Independent Manager” is an individual or entity that is experienced in managing Section 8 Voucher programs and may not have a financial, contractual, personal, or familial relationship that existed prior to March 1, 2015 with Defendants or any corporations or entities of which any Defendant is an officer, partner, employee or agent. The Independent Manager shall report to the chief executive officer of SCFS or his/her designee and shall be an employee of SCFS. SCFS shall not take any adverse employment action against the Independent Manager on account of any report provided to the United States by the Independent Manager in good faith pursuant to paragraph 25(g) of this Consent Decree. SCFS hereby consents to counsel for the United States communicating directly with the Independent Manager regarding SCFS’ compliance with this Consent Decree without the involvement or participation of counsel for SCFS.

23. If after retaining the Independent Manager, Defendant SCFS wishes to change Independent Managers, it may do so, provided that, for so long as this Consent Decree is in effect, any such subsequent Independent Manager must also be approved in advance by the United States.

24. Only the Independent Manager shall be authorized to perform any aspect of management of the Section 8 Voucher program. The Independent Manager will oversee the “Section 8 Voucher program responsibilities” and those employees tasked with completing them, including accepting Section 8 Voucher applications; managing the order of applications on the Section 8 Voucher waiting list; determining the amount of Section 8 Voucher benefits a participant receives; determining whether Section 8 Voucher Benefits will continue on an annual basis; scheduling inspections and re-inspections of rental units for compliance with the Section 8

Voucher program; and inspecting and re-inspecting rental units for compliance with Section 8 Voucher requirements.

25. For as long as Defendant SCFS administers the Section 8 Voucher program, the Independent Manager shall do the following:

- a. Hire new employees or decide to retain existing employees who perform duties in relation to Defendant SCFS' Section 8 Voucher program and conduct appropriate background investigations before each employee is hired;
- b. Ensure that any and all employees who perform any duties in relation to the Section 8 Voucher program are familiar with the requirements of non-discrimination laws, including the Fair Housing Act, particularly as they pertain to sex discrimination and sexual harassment;
- c. Ensure that any and all employees who perform any duties in relation to the Section 8 Voucher program are familiar with the requirements of this Consent Decree;
- d. Distribute the pamphlet entitled "Are You a Victim of Housing Discrimination?" (Department of Housing and Urban Development (HUD) Form 903.1) to all applicants and participants in the Section 8 Voucher program;
- e. Post and prominently display an 8.5-by-11-inch HUD fair housing poster (HUD Form 928.1) in a conspicuous location in all offices and service locations in which Defendant SCFS regularly conducts business with prospective or current clients, including the Section 8 Voucher program offices;
- f. Require that all advertising conducted in newspapers, telephone directories, radio, television or other media, and all billboards, signs, pamphlets, brochures and

other promotional literature, be in compliance with HUD advertising guidelines, formerly codified at 24 C.F.R. § 109 and presently available on the HUD website, www.hud.gov/offices/fheo/library/part109.pdf.

- g. Notify the United States³ and the chief executive officer and Board of Directors of SCFS in the event the Independent Manager obtains any information indicating that Defendant SCFS is in violation of this Consent Decree or the Fair Housing Act; and
- h. Maintain and implement non-discrimination policies and procedures that meet the requirements set forth in Section VI of the Decree.

VI. NONDISCRIMINATION POLICY AND PROCEDURES

26. Within thirty (30) days of the effective date of this Consent Decree, Defendant SCFS shall create and submit, for the United States' approval, a written nondiscrimination policy, including a policy prohibiting sexual harassment of SCFS clients, and a formal grievance procedure. The policy and procedure shall apply to all locations of SCFS offices and services. The policy shall inform all employees that they may not make sexual comments, sexual advances, or demand that any client or prospective client perform sexual favors in exchange for any SCFS benefits or Section 8 Voucher benefits. It shall also inform employees that any employee found to be engaging in such conduct will be disciplined, up to and including termination from employment. Any SCFS employee who demands that any client or prospective

³ All documents or other communications required by this Consent Decree to be sent to counsel for the United States shall be sent by commercial (non-USPS) overnight delivery service addressed as follows: Chief, Housing and Civil Enforcement Section, Civil Rights Division, United States Department of Justice, 1800 G Street, N.W., Suite 7002, Washington, D.C. 20006, Attn: DJ# 175-54M-79, or as otherwise directed by the United States. Facsimile transmissions shall be sent to (202) 514-1116.

client perform sexual favors in exchange for any SCFS benefits or Section 8 Voucher benefits shall be terminated from employment. Any employee who makes sexual comments or sexual advances to any client or prospective client of SCFS may be terminated. Defendant SCFS and the Independent Manager shall implement such policy and procedures no later than ten (10) days after the United States has indicated its approval and shall notify new and current clients of SCFS and all new and current employees and agents about the policy and procedure.

27. Defendant SCFS shall secure a signed statement from each agent or employee of Defendant SCFS acknowledging that he or she has received and read the nondiscrimination policy, has had the opportunity to have questions about the nondiscrimination policy answered, and agrees to abide by the relevant provisions of the nondiscrimination policy. This statement shall be in the form of Appendix A. Defendant SCFS shall secure a signed statement from each agent or employee of Defendant SCFS management and Section 8 Voucher Program acknowledging that he or she has received and read the Consent Decree, has had the opportunity to have questions about the Consent Decree answered, and agrees to abide by the relevant provisions of the Consent Decree. This statement shall be in the form of Appendix B. During the term of this Consent Decree, if Defendant SCFS wishes to modify or alter this policy or procedure, Defendant shall submit any proposed changes to counsel for the United States for review and approval before any such changes may be implemented.

28. Within thirty (30) days of the effective date of this Consent Decree, Defendant SCFS shall create and submit for approval to the United States objective, uniform, non-discriminatory standards and procedures for:

- a. Receiving, handling, processing, rejecting, and approving Section 8 Voucher program applications;

- b. Maintaining waiting lists and selecting individuals from the list for the Section 8 Voucher program;
- c. Determining the amount of Section 8 Voucher benefits a recipient receives;
- d. Determining whether Section 8 Voucher benefits for a recipient will continue each year and whether the benefit amount will be modified;
- e. Scheduling inspections and re-inspections of rental units to determine compliance with the Section 8 Voucher program as set forth in paragraph 30;
- f. Inspections and re-inspections of rental units to determine compliance with the Section 8 Voucher program; and
- g. Determining whether Section 8 Voucher benefits will be terminated for a recipient.

Such standards and procedures shall include a standard application and waiting list. The standards and procedures shall be posted and prominently displayed in any office where Section 8 Voucher benefits are offered and/or where the Defendant SCFS, or its agents and employees, have personal contact with applicants, and a copy of these standards and procedures shall be made available upon request to any applicant for Section 8 Voucher benefits. During the pendency of the Consent Decree, these standards and procedures may be modified only if written notice is given to counsel for the United States thirty (30) days before the proposed modifications are to take effect and the United States makes no objection thereto.

29. Defendant SCFS shall post its written grievance procedure in a conspicuous and well-lit location in its offices and service locations in which it regularly conducts business with prospective or current clients. Defendant SCFS shall provide this grievance procedure to any prospective or current client of SCFS within 90 days of entry of this Consent Decree, to new

clients upon their initial receipt of SCFS services, and upon the receipt of any complaint, whether in writing or made verbally, by a prospective or current client.

30. Defendant SCFS, and its employees and agents, shall refrain from entering any dwelling unit except when necessary to inspect the unit for purposes of complying with the Section 8 Voucher program. With regard to annual inspections for recertification purposes, Defendant SCFS, and its employees and agents, shall provide the Section 8 applicant or participant with at least five days' written notice of any intent to enter the unit. Such notice shall explain the reason for such inspection and contain a telephone number that an applicant or participant may call to re-schedule the unit inspection or visit. Defendant SCFS (and its employees and agents) shall respect all reasonable requests to re-schedule such visits and shall ensure, to the maximum extent feasible, that residents have the opportunity to be present for unit inspections or visits. The Independent Manager will ensure that if a female participant's property in Defendant SCFS's Section 8 Voucher program is scheduled to be inspected or re-inspected by a male employee, the female participant can request that a female employee of Defendant SCFS accompany the inspector. All compliance inspections where notice is not given to the voucher holder must comply with applicable HUD rules and regulations, and they must be conducted by two people, at least one of whom must be a female employee of SCFS.

VII. EDUCATION AND TRAINING

31. Within sixty (60) days of the effective date of this Consent Decree, Defendant SCFS, including all of its officers, agents (to the extent such agents' duties include providing services directly to SCFS' clients), employees, successors and assigns, shall undergo in-person training on non-discrimination laws, including on the Fair Housing Act, with specific emphasis on discrimination on the basis of sex and sexual harassment. The trainer or training entity shall

be independent of Defendant SCFS and its counsel, qualified to conduct such training, and approved in advance by the United States. Any expenses associated with this training shall be borne by Defendant SCFS. Defendant SCFS shall obtain from the trainer certifications of attendance, executed by each individual who received training, confirming their attendance. This confirmation shall include the name of the course, the name of the instructor, the date the course was taken, and the length of the course and/or time within which the course was completed. At a minimum, the training required shall consist of instruction on the requirements of all applicable federal and state non-discrimination laws, including the Fair Housing Act, with an emphasis on sexual harassment, and a question and answer session for the purpose of reviewing the foregoing areas.

32. During the effective period of this Consent Decree, within thirty (30) days of commencing an employment or agency relationship, all new employees of Defendant SCFS, or any agent of Defendant SCFS whose duties include providing services directly to SCFS' clients, shall undergo training as described in paragraph 31, supra.

VIII. RECORD KEEPING

33. During the effective period of this Consent Decree, Defendant SCFS shall preserve and maintain all records which are the source of, contain or relate to any information pertinent to its obligations under the Consent Decree, including but not limited to, the following:

- a. A list of all Section 8 Voucher program participants and their telephone numbers;
- b. Section 8 Voucher program applications, and any other information, recorded by any means, related to any inquiries regarding the availability of Section 8 Voucher benefits;
- c. Waiting lists for the Section 8 Voucher program;

- d. Section 8 Voucher program records, including agreements, notices of non-renewal, notices of change in benefits and correspondence with applicants and participants;
 - e. Nondiscrimination policies and grievance procedures;
 - f. Employee certifications of receipt of Consent Decree, nondiscrimination policies and grievance procedures;
 - g. Certifications of Section 8 Program employees and SCFS executive management of receipt of Consent Decree;
 - h. Employee confirmation of attendance at nondiscrimination training; and
 - i. Any documents related to complaints of discrimination.
34. Defendant SCFS shall provide complete and unredacted copies of the documents described in this Section to the United States if and when requested during the term of the Consent Decree. Additionally, the United States shall be permitted to inspect any SCFS documents required to be preserved and maintained under the Consent Decree upon reasonable notice.

IX. REPORTING REQUIREMENTS

35. During the effective period of this Consent Decree, Defendant SCFS shall provide to the United States notification and documentation of the following events, no later than ten (10) days after their occurrence:
- a. Any change in Defendant's rules or practices regarding the nondiscrimination policy discussed in Section VI, above;
 - b. Any change in Defendant's Independent Manager;

- c. Any information indicating that Defendant SCFS' Section 8 Voucher Program, or any of its agents or employees, is in violation of this Consent Decree; and
- d. Any complaint, whether written, oral, or in any other form, against Defendant SCFS' Section 8 Voucher Program or any of its agents or employees, regarding discrimination, including sexual harassment. If the complaint is made verbally, Defendant SCFS shall maintain a log upon which they record the name of the complainant, the address and telephone number of the complainant, the date the complaint was received; the name of the employee or agent who received the complaint; the name of the employee or agent who is the subject of the complaint; the address of the property involved in the complaint; and a general description of the complaint. The notification sent to the United States shall include a copy of the complaint, if the complaint was in writing, or a copy of the complaint log, if the complaint was made verbally; the complainant's name, address, and telephone number; a description of any actions taken by Defendant SCFS in response to the complaint; and any documents relevant to the complaint. Defendant SCFS shall promptly provide the United States all information it may request concerning any such complaint. Defendant SCFS shall also inform the United States, in writing, about the substance of any resolution of the complaint within ten (10) days of such resolution.

36. Within ninety (90) days of the effective date of this Consent Decree, Defendant SCFS shall submit the following records to counsel for the United States, where applicable:

- a. Copies of notification and documentation of the adoption and implementation of the nondiscrimination policy referred to in Section VI, above, including copies of all Employee Acknowledgement forms;
- b. Copies of all written verifications of the nondiscrimination training conducted pursuant to Section VII above; and
- c. Representative copies of all documents required by paragraph 33, as well as any other materials prepared pursuant to the requirements of the terms enumerated above.

37. Beginning six (6) months after the effective date of this Decree, and every six (6) months thereafter, Defendant SCFS shall deliver to counsel for the United States any documents required by paragraph 33 to the extent that these documents have not been previously provided, with the last delivery of documents due to the United States sixty (60) days before the expiration of the Consent Decree.

X. COMPLIANCE TESTING

38. The United States may take steps to monitor the Defendant's compliance with this Consent Decree including, but not limited to, conducting fair housing tests at any location(s) in which the Defendant SCFS's employees or agents administer the Section 8 Voucher program.

XI. COMPENSATION OF AGGRIEVED PERSONS

39. Defendants shall pay to the Private Plaintiffs the total amount of ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$1,700,000.00), in a manner to be determined by the Private Plaintiffs and Defendants, to settle the Private Plaintiffs' lawsuit. Each plaintiff shall execute and deliver a mutual release to counsel for the Defendants before any funds are disbursed.

40. Within ten (10) business days after the entry of this Consent Decree, Defendants shall transfer into a dedicated account the total sum of ONE MILLION DOLLARS (\$1,000,000.00) to compensate persons who have allegedly been harmed by the conduct alleged in the United States' case (hereinafter "aggrieved persons"). This money shall be referred to as "the Settlement Fund." In addition, within fifteen (15) days of the establishment of the Settlement Fund, Defendants shall submit proof to the United States that the Settlement Fund has been established and the funds transferred.

41. Beginning within fifteen (15) days of the entry of this Consent Decree, Defendants shall publish a Notice to Individuals Who May Have Been Sexually Harassed by John Wesley and Eric Pender ("Notice"), in the form of the Notice at Appendix C, informing readers of the availability of the Settlement Fund. Each Notice shall set forth a summary of the legal and evidentiary contentions of the United States and a general statement of the relief provided under the Consent Decree. Each Notice shall also contain a statement that the United States seeks information from any persons who claim to have been subjected to sexual harassment while an applicant or participant in SCFS's Section 8 Voucher Program. Each Notice shall invite such persons to contact counsel for the United States within one hundred and twenty (120) days from the effective date of this Consent Decree. The Notice shall be published as follows:

- a. On at least six (6) occasions in the Laurinburg Exchange, including at least three (3) occasions on Sunday, in a space measuring at least one-eighth (1/8) of a page; and
- b. On at least three (3) occasions in the Robesonian, in a space measuring at least one-eighth (1/8) of a page.

42. Defendants shall complete the publication of all notices within ninety (90) days from the effective date of this Consent Decree. Defendants shall provide a copy of the newspapers containing each such Notice to counsel for the United States within fifteen (15) days after publication of the Notice.

43. Defendants shall produce any Section 8 Voucher applications or contracts, or any other records in the possession, custody, or control of Defendants, that the United States believes to be useful in identifying persons who may be entitled to relief under this Consent Decree. Upon reasonable notice, Defendants shall provide such records or shall permit representatives of the United States to make copies of such records. Also, Defendants shall permit the United States, upon reasonable notice, to review and copy any records that may facilitate its determinations regarding the claims of allegedly aggrieved persons.

44. Nothing in this Consent Decree shall preclude the United States from making its own efforts to locate and provide notice to potential aggrieved persons.

45. The United States shall investigate the claims of new allegedly aggrieved persons and shall make a determination as to which persons are aggrieved and an appropriate amount of damages that should be paid to each aggrieved person. Because Defendants have already denied in paragraph 7 above that they have violated the Fair Housing Act as alleged by the United States, they agree as part of the settlement described herein that they will not seek to interfere with or oppose the United States' determinations regarding the aggrieved persons and the appropriate amount of damages paid to each aggrieved person.

46. Within one-hundred and eighty (180) days from the effective date of this Consent Decree, the United States shall submit its final recommendations to the Court for approval, in the form of a proposed, unopposed Order, identifying the aggrieved persons and an appropriate

amount to be paid to each such person, together with a copy of the sworn declarations.⁴ When the Court issues an order approving or changing the United States' proposed distribution of funds for allegedly aggrieved persons, the Defendants shall, within five (5) days of the entry of the Court's order, deliver to counsel for the United States, by overnight mail,⁵ checks payable to the aggrieved persons in the amounts approved by the Court.

47. In no event shall the aggregate of all such checks exceed the sum of the Settlement Fund.

48. When counsel for the United States has received a check from the Defendants payable to an aggrieved person and a signed release in the form of Appendix D from the aggrieved person, counsel for the United States shall deliver the check to the aggrieved person and the original, signed release to counsel for the Defendants. No aggrieved person shall be paid until she has executed and delivered to counsel for the United States the release at Appendix D.

49. After the satisfaction of paragraphs 40-48, above, and the expiration of the corresponding time periods, any money remaining in the Settlement Fund shall be distributed to a qualified organization(s) for the purpose of conducting enforcement or educational activities related to the Fair Housing Act in Scotland County, North Carolina, and/or the surrounding metropolitan area, with an emphasis on the rights of individuals to be free from discrimination on the basis of sex, including sexual harassment. Before selecting the qualified organization(s), Defendants will obtain a proposal from the organization(s) on how the funds will be used

⁴ The United States will file these declarations under seal. However, a copy of the unsealed declarations will be provided to the Defendants.

⁵ The overnight mail enclosing the checks shall be addressed as follows: Chief, Housing and Civil Enforcement Section, Civil Rights Division, DJ 175-54M-79, United States Department of Justice, 1800 G Street, NW, Washington, D.C. 20006.

consistent with the above-stated purpose, submit such proposal to the United States, and consult with and obtain the non-objection of the United States. The United States and the Defendants may request modification of the proposal before approving the organization(s). The parties shall thereafter seek approval from the Court to distribute the remaining funds to the qualified organization(s).

50. Defendants shall also require that the qualified organization(s) receiving funds submit to the Defendants and the United States a detailed report on how the funds are utilized within one year of receipt of funds, and every year thereafter until the funds are exhausted.

51. The compensation required to be paid pursuant to paragraphs 40-41 above is a debt as defined in 11 U.S.C. § 523(a)(6). The Defendants shall not seek to discharge any part of this debt in bankruptcy.

XII. CIVIL PENALTY

52. Within sixty (60) days after the entry of this Consent Decree, Defendant Southeastern Community and Family Services, Inc. shall make a payment of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) to the United States as a civil penalty pursuant to 42 U.S.C. § 3614(d)(1)(C). Within sixty (60) days after entry of this Consent Decree, Defendant John Wesley shall make a payment of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) to the United States as a civil penalty pursuant to 42 U.S.C. § 3614(d)(1)(C). Within sixty (60) days after entry of this Consent Decree, Defendant Eric Pender shall make a payment of ONE THOUSAND DOLLARS (\$1,000) to the United States as a civil penalty pursuant to 42 U.S.C. § 3614(d)(1)(C). These payments shall be delivered to counsel for the United States in the form of a cashier's check payable to the "United States Treasury."

53. The civil penalty referenced in paragraph 52 is a debt for a fine, penalty, or forfeiture payable to and for the benefit of the United States within the meaning of 11 U.S.C. § 523(a)(7) and is not compensation for actual pecuniary loss. The Defendants shall not seek to discharge any part of this debt in bankruptcy.

XIII. DURATION, MODIFICATIONS, AND REMEDIES

54. This Consent Decree shall remain in effect for six (6) years after the date of its entry. Except as otherwise noted, Defendants' obligations under the Consent Decree expire with the expiration of the Consent Decree. The United States may move the Court to extend the period in which this Order is in effect with regard to a particular Defendant (or Defendants) if the particular Defendant (or Defendants) violates one or more terms of the Consent Decree or if the interests of justice so require.

55. Any time limits for performance imposed by this Consent Decree may be extended by mutual written agreement of the parties.

56. The parties to this Consent Decree shall endeavor in good faith to resolve informally any differences regarding interpretation of and compliance with this Consent Decree 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 any Defendant, whether willful or otherwise, to perform in a timely manner any act required by this Consent Decree or otherwise to act in conformance with any provision thereof, the United States may move this Court to impose any remedy authorized by law or equity. Any such remedy will be narrowly tailored to impose sanctions only on the Defendant(s) that have failed to comply with this Consent Decree.

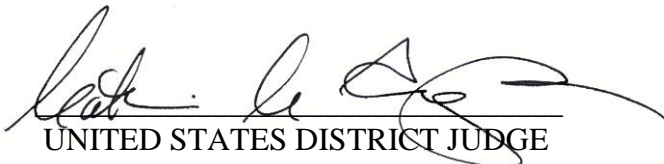
XIV. MISCELLANEOUS

57. The parties agree that, as of the effective date of this Order, litigation is not “reasonably foreseeable” concerning the matters described in 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 in the Complaint, they are no longer required to maintain such a litigation hold. Nothing in this paragraph relieves any of the parties of any other obligations imposed by this Consent Decree.

58. The underlying lawsuit by the United States is an action or proceeding by the United States to enforce its police or regulatory power, within the meaning of 11 U.S.C. § 362(b)(4).

59. The United States and Defendants will bear their own costs and attorneys’ fees associated with this litigation.

IT IS SO ORDERED this 2nd day of July, 2015.


UNITED STATES DISTRICT JUDGE

Appendix A
EMPLOYEE ACKNOWLEDGMENT

I acknowledge that on _____, 201__, I was provided copies of the Nondiscrimination Policy required by the Consent Decree entered by the Court in United States v. Wesley, et al., 1:14-cv-1032 (M.D.N.C.). I have read and understand this document and have had my questions about this document answered. I understand my legal responsibilities and shall comply with those responsibilities.

Signature

Print Name

Job Title

Company/Employer

Home Address

Home Address Continued

Home Telephone Number

Date

Appendix B

SCFS MANAGEMENT AND SECTION 8 VOUCHER PROGRAM
EMPLOYEE ACKNOWLEDGMENT

I acknowledge that on _____, 201__, I was provided copies of the Consent Decree entered by the Court in United States v. Wesley, et al., 1:14-cv-1032 (M.D.N.C.), and the Nondiscrimination Policy required by that Consent Decree. I have read and understand these documents and have had my questions about these documents answered. I understand my legal responsibilities and shall comply with those responsibilities.

Signature

Print Name

Job Title

Company/Employer

Home Address

Home Address Continued

Home Telephone Number

Date

Appendix C

**NOTICE TO INDIVIDUALS WHO MAY HAVE BEEN SEXUALLY HARASSED BY
JOHN WESLEY AND ERIC PENDER**

On _____, 201_, the United States District Court for the Middle District of North Carolina entered a Consent Decree resolving a housing discrimination lawsuit brought by the United States against John Wesley, Eric Pender and Southeastern Community and Family Services, Inc. (“SCFS”). The lawsuit alleged that John Wesley and Eric Pender, former employees of SCFS, subjected female applicants and participants in SCFS’s Section 8 Voucher program to discrimination on the basis of sex, including severe, pervasive, and unwelcome sexual harassment, on multiple occasions, in violation of the Fair Housing Act. John Wesley and Eric Pender deny the allegations of sexual harassment and discrimination. The lawsuit also alleged that as their employer during the time in question, SCFS was responsible for John Wesley’s and Eric Pender’s alleged conduct.

Under the Consent Decree, SCFS has established a Settlement Fund to compensate persons whose rights have allegedly been violated as described above. The Department of Justice will submit recommendations to the Court for approval regarding the individuals to be compensated from the fund and the amounts of compensation. You may qualify to recover from this Settlement Fund if you were an applicant or participant in SCFS’s Section 8 Voucher program and you contend that you experienced unwelcome sexual comments, gestures, or offers to trade sex for housing benefits from John Wesley or Eric Pender.

If you believe you have been discriminated against because of sex in connection with

SCFS’s Section 8 Voucher program, please contact the United States Department of Justice at:

1-800-896-7743, mailbox 94

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# 175-54M-79***

You must call or write on or before [no more than 120 days after the effective date of the Consent Decree] and your message or letter must include your name, address, and, if possible, at least TWO telephone numbers where you may be reached.

Appendix D

GENERAL RELEASE

In consideration for the Parties' agreement to the terms of the Consent Decree entered into in the case of *United States v. Wesley*, No. 1:14-cv-1032 (M.D.N.C) (hereinafter "the Complaint"), as approved by the United States District Court for the Middle District of North Carolina, and in exchange for payment to me of \$_____, I _____ hereby fully release and forever discharge Southeastern Community and Family Services, Incorporated f/k/a Four County Community Services, Inc., John Wesley, Eric Pender, and their respective agents, servants, representatives, successors, employees, employers, officers, directors, attorneys, subsidiaries, affiliates, parent companies, corporations, insurers and any and all other persons and entities from any and all past, present and future actions, claims, demands, damages, expenses, costs, attorneys fees and all claims of any nature or kind whatsoever now existing or which may hereafter arise out of the alleged incident or incidents of harassment, retaliation or any other claims as more specifically alleged in the Complaint. This General Release applies to bar and release all claims that I may have whether in tort, contract, or other legal theory, including attorney's fees, arising from or related to the Complaint or the facts giving rise to that Complaint, including claims I personally may have arising from alleged sexual misconduct, harassment, discrimination, and retaliation by one or more Defendants..

I further accept and agree to full responsibility for satisfying any and all legally enforceable liens and assignments, and will indemnify and hold harmless the Defendants and insurers relating in any way to payments made or charges incurred on my behalf for any and all medical bills, treatment, Medicare/Medicaid payments, or legal service as a result of any injuries allegedly caused by the incidents referred to above.

Nothing herein is to be construed as any factual or legal admission of liability for such facts or claims alleged in the Complaint. The liability alleged is expressly denied by the persons and entities being released.

The validity, construction and interpretation of this General Release shall be governed by the laws of the State of North Carolina.

I represent that in all aspects, I am competent to understand and sign this General Release, and am under no restraint or duress that would prevent me from voluntarily, freely, and knowingly entering into a binding agreement. This release shall bind myself, my children, heirs, next of kin, executors, administrators, and shall ensure to the benefit of the parties released, their agents, servants, insurers, representatives, successors, employees, attorneys, and all other persons, firms, associations, and corporations. I have read fully this General Release, understand its contents and significance, and understand that I may consult with attorneys of my choosing.

Executed this _____ day of _____, 201_.

Signature

Print Name

Home Address

Home Address Continued

Social Security Number