

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA,

Plaintiff,

v.

JAG MANAGEMENT COMPANY LLC

Defendant.

Case No. 23-cv-20809

CONSENT ORDER

I. INTRODUCTION

1. This Consent Order (“Order”) resolves the allegations contained in the United States’ complaint that JAG Management Company LLC (“Defendant”), violated the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. §§ 3901-4043, by imposing early termination charges on at least nine servicemembers who were exercising their federally protected right to terminate their residential leases upon receipt of qualifying military orders.

2. At all times relevant to the complaint, JAG Management Company LLC was the property manager of a 490-unit community offering rentals of one- and two-bedroom apartments in Mount Laurel, New Jersey. JAG also manages at least twenty similar properties in several states, including Maryland, the District of Columbia, Virginia, and Florida. The address for JAG’s corporate office is 1420 Spring Hill Road, Suite 420, McLean, Virginia.

3. In its Complaint, the United States alleges that Defendant had a practice of charging back rent concessions and discounts to servicemembers who were terminating their residential

leases early under Section 3955 of the SCRA, 50 U.S.C. § 3955. Defendant denies the allegations set forth by the United States.

4. The United States and Defendant are referred to herein as the “Parties.”

5. The Parties agree that the Court has jurisdiction over the subject matter of this case pursuant to 28 U.S.C. §§ 1331 and 1345 and 50 U.S.C. § 4041(a)(1)-(2).

6. The Parties agree that to avoid costly and protracted litigation, the claims against Defendant should be resolved without further proceedings or an evidentiary hearing. Therefore, as indicated by the signatures appearing below, the United States and Defendant agree to the entry of this Order.

7. The effective date of this Order will be the date on which it is approved and entered by the Court.

It is hereby ORDERED, ADJUDGED, and DECREED as follows:

II. INJUNCTIVE RELIEF¹

A. PROHIBITED CONDUCT

8. Defendant, including through its officers, employees, agents, and representatives, assigns, successors-in-interest, and all persons and entities in active concert or participation with Defendant, will not impose or seek to collect any early termination charge, including but not limited to the required repayment of any lease incentive or discount, from a servicemember or dependent of a servicemember who lawfully terminates a residential lease under 50 U.S.C. § 3955.

¹ Nothing in this Consent Order shall preclude Defendant from offering greater protections to servicemembers than those afforded by this Consent Order or the SCRA.

B. COMPLIANCE WITH THE SCRA AND SCRA POLICIES AND PROCEDURES

9. Defendant has developed new SCRA Policies and Procedures for Lease Terminations in compliance with 50 U.S.C. § 3955, which have been approved by the United States. These policies and procedures include the following provisions:

- a. Defendant shall permit servicemembers to terminate residential leases upon their entry into military service or receipt of military orders² (i) for a permanent change of station³ or (ii) to deploy with a military unit, or as an individual in support of a military operation, for a period of 90 days or more in compliance with 50 U.S.C. § 3955. A servicemember's termination of a lease shall terminate any obligation a servicemember's dependent may have under the lease;
- b. Defendant shall accept terminations upon delivery of written notice of termination and a copy of qualifying military order to Defendant, its employees or agents. Delivery of the written notice and orders may be accomplished by hand delivery, private business carrier, U.S. mail, or electronic means reasonably calculated to ensure actual receipt of the communication by Defendant;
- c. Defendant shall not deny or rescind its approval of an SCRA early termination request by an otherwise qualified servicemember based on the servicemember's failure to pay outstanding amounts due and owing under the lease;

² The term "military orders" in this Consent Order shall include any notification, certification, or verification from the servicemember's commanding officer, or other document prepared exclusively by a branch of the military of the Department of Defense demonstrating that the lessee is eligible for lease termination under 50 U.S.C. § 3955(b)(1).

³ The term "permanent change of station" shall include separation or retirement from military service. 50 U.S.C. § 3955(i)(3).

- d. Defendant shall treat any residential lease termination as effective no later than 30 days after the first date on which the next rental payment is due and payable after the date on which the notice was delivered. Any rent amounts that are unpaid for the period preceding the effective date of the lease termination must be, if applicable, prorated. Rents or lease amounts paid in advance for a period after the effective date of the termination of the lease shall be refunded to the lessee at the last known address of the lessee within 30 days of the effective date of termination;
- e. Defendant may not impose an early termination charge on a servicemember who terminates their lease based on receipt of qualifying military orders, which includes the prohibition against requiring the servicemember to repay a rent concession or discount at termination;
- f. Defendant shall not initiate or pursue a waiver of any of the lease termination rights provided under 50 U.S.C. § 3955, nor shall it enforce any such waiver that has been previously executed;
- g. Defendant shall revise or amend its standard lease forms to ensure that all early termination provisions comply with 50 U.S.C. § 3955; and
- h. When entering into a lease with a servicemember, Defendant shall provide a notice with the lease packet detailing eligibility for, and relief provided by, the SCRA, and provide a designated telephone number and electronic mail address to obtain SCRA relief or raise questions or concerns regarding such relief.

10. No later than thirty (30) calendar days after the effective date of this Order, Defendant shall provide a copy of the revised lease forms to counsel for the United States.⁴ The United States shall respond to Defendant's proposed lease forms within forty-five (45) calendar days of receipt. If the United States objects to any part of Defendant's revised lease forms, the parties shall confer to resolve their differences. If the Parties cannot resolve their differences after good faith efforts to do so, either party may bring the dispute to this Court for resolution. Defendant shall implement the SCRA Policies and Procedures and any revised lease forms within fifteen (15) calendar days of the United States' notification of approval of the revised lease forms.

11. If, at any time during the term of this Order, Defendant proposes to materially change its SCRA Policies and Procedures or to materially change portions of its lease forms that pertain to servicemember's rights under the SCRA, it shall first provide a copy of the proposed changes to counsel for the United States. If the United States objects to the proposed changes, the specific changes to which the United States objects shall not be implemented until the objections are resolved pursuant to the process described in Paragraph 10.

12. No later than forty-five (45) calendar days after the effective date of this Order, Defendant shall designate employees who have been specifically trained on the protections of the SCRA and who are responsible for the intake of and response to servicemembers' inquiries regarding the SCRA (the "designated employees"). Defendant shall ensure that it has a designated telephone number and electronic mail address at which servicemembers may reach a designated employee, who will address questions or concerns regarding the SCRA. Defendant shall also include a page or hyperlink on its website detailing eligibility for, and relief provided by, the

⁴ All materials required by this Order shall be sent by email to counsel for the United States, as well as by private business carrier delivery service to Thandiwe Boylan, Civil Rights Division, U.S. Attorney's Office, District of New Jersey, 970 Broad Street, Suite 700, Newark, NJ 07102.

SCRA, and providing the designated telephone number and electronic mail address to obtain SCRA relief or raise questions or concerns regarding such relief. The placement, format, and content of the page shall be subject to the objection of the United States. If the United States objects, Defendant shall not adopt the placement, format, and content until the objection is resolved pursuant to the process described in Paragraph 10.

C. TRAINING

13. Defendant has developed new training materials related to compliance with the SCRA. The training, which has been approved by the United States, will include: (a) the requirements of the SCRA with respect to lease terminations; (b) Defendant's SCRA Policies and Procedures required pursuant to Paragraph 9; (c) the provisions of this Order; and (d) the contact information for the designated employees described in Paragraph 12.

14. No later than sixty (60) days after the effective date of this Order, Defendant shall ensure that all employees involved in leasing operations and/or lease terminations ("covered individuals") have completed the SCRA compliance training.

15. During the term of this Order, Defendant shall provide annual SCRA compliance training to all covered individuals. Defendant shall also provide SCRA compliance training within thirty (30) calendar days of hiring any new employee who will be involved in leasing operations and/or lease terminations.

16. The covered individuals may undergo the training required by Paragraph 13 via live training, computer-based training, web-based training, or interactive digital media. If the training is conducted in any format other than live training, Defendant shall ensure that covered individuals have the opportunity to have their questions answered by one of the designated employees

described in Paragraph 12. Any expenses associated with the training program required by this Section shall be borne by Defendant.

17. Defendant shall secure a signed statement in the form attached as Exhibit A from each covered individual at the trainings required by Paragraphs 13, acknowledging that: (1) they have received, read, and understood the Order and the SCRA Policies and Procedures adopted and approved pursuant to Paragraph 9 as they apply to their responsibilities; (2) have had the opportunity to have their questions about these documents answered; and (3) agree to abide by them. For the duration of this Order, copies of those signed statements shall be provided to the United States upon request. Defendant shall also certify in writing to counsel for the United States that the covered individuals have successfully completed the training required by Paragraph 13.

III. COMPENSATION

18. The United States has alleged nine (9) instances between April 1, 2019 and April 1, 2022 where Defendant demanded repayment of rent concessions from servicemembers seeking to terminate their leases pursuant to the SCRA. The United States has alleged that these required repayments constituted early termination charges in violation of Section 3955(e)(1) of the SCRA. The United States has provided a list of such instances with the names of the affected servicemembers to Defendant.

19. In each of the instances where the United States alleged that Defendant imposed an early termination charge in violation of the SCRA, Defendant shall compensate the lessees by providing: (1) a refund of any early termination charge paid by the servicemember to Defendant; and (2) an additional payment of two times the amount of the termination charge imposed by Defendant. The compensation described in subsection (1) shall be distributed equally among the servicemember and any co-lessees named on the lease. The compensation described in subsection

(2) shall be paid to the servicemember(s) who exercised or attempted to exercise a military lease termination under the SCRA.

20. Within fourteen (14) days of the effective date of this Order, Defendant shall deposit \$41,581.95 into an interest-bearing escrow account for the purpose of fulfilling its obligations under Paragraph 19. Defendant shall provide written verification of the deposit to the United States within three (3) business days of depositing the funds described in this Paragraph. Any taxes, costs, or other fees incurred on the escrow funds shall be paid by Defendant.

21. In order to receive any compensation under Paragraph 19, SCRA-protected servicemembers and co-lessees must complete the Release at Exhibit B.

22. Within ten (10) days of notification by the United States that a Release has been received, Defendant shall deliver to counsel for the United States a compensation check payable to the aggrieved person.

23. Defendant will not be entitled to a set-off, or any other reduction, of the amount of compensation required by this order because of any debts allegedly owed by the recipients.

24. When counsel for the United States has received a check from Defendant payable to an aggrieved person and a signed Release 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 Defendant. No aggrieved person shall be paid until they have signed and delivered a Release to counsel for the United States.

25. Servicemembers and co-lessees shall have six (6) months after issuance to cash or deposit their compensation checks. During the term of this Agreement, Defendant shall, upon the request of counsel for the United States, reissue any checks that are not cashed or deposited prior to their expiration.

26. Any amounts remaining in the escrow account that have not been distributed to aggrieved persons within three years of the date of this Agreement shall be paid to the United States Treasury in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

27. Defendant will not refuse to make a payment based on a waiver or release of legal claims or an arbitration agreement previously signed by any such recipient.

28. No individual may obtain review by the Parties of the identifications made, payments made, and payments disbursed, pursuant to Paragraphs 18 – 26.

IV. CREDIT REPAIR AND OTHER RELIEF

29. Concurrent with providing financial compensation to the lessees, Defendant must deliver a written request to each of the three (3) major credit bureaus⁵ and any other database to which it reports to remove any negative entries resulting from the Defendant's early termination charges. Defendant shall also instruct any of its collection agents or attorneys who have engaged in credit reporting to deliver a written request to each of the three (3) major credit bureaus and any other database to which it has reported to remove any negative entries resulting from the early termination charges.

30. Defendant shall provide the United States with evidence of all requests made pursuant to this Section within thirty (30) calendar days of making said requests.

V. CIVIL PENALTY

31. Within thirty (30) calendar days of the effective date of this Order, Defendant shall pay a total of Twenty Thousand Dollars (\$20,000) to the United States Treasury, as a civil penalty pursuant to 50 U.S.C. § 4041(b)(3) and 28 C.F.R. § 85.5, to vindicate the public interest. The

⁵ Equifax, Experian, and Trans Union.

payment shall be in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

VI. ADDITIONAL REPORTING AND RECORDKEEPING REQUIREMENTS

32. For the duration of this Order, Defendant shall retain all records relating to its obligations hereunder, including their records with respect to all leases for which a servicemember has sought a lease termination, and all records relating to compliance activities pursuant to this Order. The United States shall have the right to review and copy any such records, including electronic data, upon reasonable request during the term of this Order.

33. During the term of this Order, Defendant shall notify counsel for the United States in writing within fifteen (15) days of receipt of any SCRA or military related complaint. Defendant shall provide a copy of any written complaint with the notification. Whether regarding a written or oral SCRA complaint, the notification to the United States shall include the full details of the complaint, including the complainant's name, address, and telephone number, and the full details of all actions Defendant took to resolve the complaint. Defendant shall also promptly provide the United States all information concerning any such complaint, upon request. If the United States raises any objections to Defendant's actions, the Parties shall meet and confer to consider appropriate steps to address the concerns raised by the United States. If the Parties are unable to come to an agreement regarding such obligations or concerns, either party may bring the dispute to this Court for resolution.

VII. SCOPE OF THE CONSENT ORDER

34. The provisions of this Order shall apply to Defendant and any of the properties it manages. They shall also apply to Defendant's officers, employees, agents, representatives, assigns, or successors-in-interest.

35. In the event that the JAG Management Company LLC is acquired by or merges with another entity, Defendant shall, as a condition of such acquisition or merger, obtain the written agreement of the acquiring or surviving entity to be bound by any obligations remaining under this Agreement for the remaining term of this Order.

36. This Order releases only the United States' claims against Defendant for violations of Section 3955(e)(1) of the SCRA that are addressed in the Complaint or identified in this Order. This Order does not release any other claims that may be held or are currently under investigation by any federal agency, or any claims that may be pursued for actions that may be taken by any executive agency against Defendant, any of their affiliated entities, and/or any of their institution-affiliated Parties.

37. Nothing in this Order will excuse Defendant's noncompliance with any currently or subsequently effective provision of law or order of a regulator with authority over Defendant that imposes additional obligations on them.

VIII. TERMINATION OF LITIGATION HOLD

38. The Parties agree that, as of the effective date of this Order, litigation is not "reasonably foreseeable" concerning the matters described above. To the extent that either party previously implemented a litigation hold to preserve documents, electronically stored information (ESI), or things related to the matters described above, the party is no longer required to maintain such litigation hold. Nothing in this Paragraph relieves either party of any other obligations imposed by this Order, including, inter alia, Defendant's obligation to preserve documents under Paragraph 32.

IX. MODIFICATIONS, ATTORNEY'S FEES AND COSTS, AND REMEDIES FOR NON-COMPLIANCE

39. Any time limits for performance imposed by this Order may be extended by the mutual written agreement of the Parties.

40. The Parties shall be responsible for their own attorney's fees and court costs, except as provided for in Paragraph 41.

41. The Parties shall endeavor in good faith to resolve informally any differences regarding interpretation of or 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 comply with any provision thereof, the United States may move the Court to impose any remedy authorized by law or equity, including, but not limited to, 1) an order requiring the performance of such act or deeming such act to have been performed; 2) an award of any damages, costs, and attorney's fees which may have been caused by Defendant's violation or failure to perform; and 3) any additional relief authorized by law or equity.

X. RETENTION OF JURISDICTION

42. The Duration of this Order shall be three (3) years from the effective date. The Court shall retain jurisdiction for the duration of this Order to enforce its terms, after which time this case shall be dismissed with prejudice. The United States may move the Court to extend the duration of this Order in the interests of justice.

SO ORDERED this ____ day of _____ 2023.

The Honorable
United States District Judge

Date: September 29, 2023

Agreed to and entered into by:

PHILIP R. SELLINGER
United States Attorney

By: /s/ Thandiwe Boylan
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Attorneys for the United States

EXHIBIT A

EMPLOYEE ACKNOWLEDGMENT

I acknowledge that on _____, 20__, I was provided training regarding Servicemembers Civil Relief Act (SCRA) compliance and copies of the SCRA Policies and Procedures which are applicable to my duties. I have read and understand these documents and have had my questions about these documents and the SCRA answered. I understand my legal responsibilities and shall comply with those responsibilities.

[PRINT NAME]

[SIGNATURE]

[JOB TITLE]

EXHIBIT B

RELEASE

In consideration for the Parties' agreement to the terms of the Consent Order resolving the United States' allegations in *United States of America v. JAG Management Company LLC*, Civil No. _____ (D.N.J.) and payment to me of \$_____, I, _____, hereby release and forever discharge all claims, arising prior to the date of this Release, related to the facts at issue in the litigation referenced above that pertain to alleged violations of Section 3955 of the Servicemembers Civil Relief Act that I may have against JAG Management Company LLC and all related entities, parents, predecessors, successors, subsidiaries, and affiliates and all of their past and present directors, officers, agents, managers, supervisors, shareholders, and employees and their heirs, executors, administrators, successors or assigns. I do not release any other claims that I may have under any other section of the Servicemembers Civil Relief Act or any other law.

Executed this _____ day of _____, 20__.

SIGNATURE: _____

PRINT NAME: _____