

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
EL PASO DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

INTEGRITY ASSET MANAGEMENT LLC,

Defendant.

CIVIL NO.: 3-22-cv-00287

COMPLAINT

Plaintiff, the United States of America (the “United States”), by its undersigned attorneys, files this Complaint and alleges as follows:

INTRODUCTION

1. The United States brings this action under the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. §§ 3901-4043, against Integrity Asset Management LLC (“Integrity”), a property management company, for: (a) imposing early termination charges against servicemembers who were exercising their federally protected right to terminate their residential leases after they received qualifying military orders; and (b) denying early lease termination requests made by servicemembers who provided a notification, certification or verification from their commanding officer in lieu of official military orders. *See* 50 U.S.C. § 3955.

2. The purpose of the SCRA is to provide servicemembers with protections to enable them to devote their entire energy to the defense needs of the Nation and to protect their civil rights during military service. *See* 50 U.S.C. § 3902. One of those protections is the right of a servicemember-tenant to terminate a residential lease without penalty upon entering into military

service or receiving qualifying military orders. 50 U.S.C. § 3955(a)(1), (e)(1). Qualifying orders include orders for a permanent change of station or for a deployment of at least 90 days. 50 U.S.C. § 3955(b)(1)(B). Military orders are defined as “official military orders, or any notification, certification, or verification from the servicemember’s commanding officer, with respect to the servicemember’s current or future military duty status.” 50 U.S.C. § 3955(i).

3. Upon receiving qualifying orders, the servicemember has the right to terminate the lease without penalty by providing the lessor written notice of the termination and a copy of the military orders. 50 U.S.C. § 3955(c)(1).

4. The termination of the lease is effective 30 days after the first date on which the next rental payment is due. 50 U.S.C. § 3955(d)(1). The lessor may not impose an early termination charge against the servicemember. 50 U.S.C. § 3955(e)(1).

5. This lawsuit is brought to vindicate the rights of servicemembers whose early termination requests were wrongfully denied by Integrity or who were wrongly required to pay an early termination charge by Integrity, to vindicate the public interest, and to protect servicemembers from future violations of their rights. *See* 50 U.S.C. § 4041.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331, 1345, and 50 U.S.C. § 4041.

7. Venue is proper in this district under 28 U.S.C. § 1391(b) because Integrity’s principal place of business is in the Western District of Texas, and because a substantial portion of the events that form the basis of the United States’ claim occurred within this district.

DEFENDANT

8. Integrity is a domestic limited liability corporation registered in Texas.

9. Integrity manages approximately 55 multi-family apartment properties in and around El Paso, Texas.

FACTUAL ALLEGATIONS

10. In or around October 2018, several servicemembers contacted military legal assistance attorneys at Fort Bliss, Texas to report that Integrity had mishandled their SCRA residential lease termination requests.

11. After receiving complaints from the military legal assistance attorneys at Fort Bliss, the Department of Justice (the “Department”) initiated an investigation into Integrity’s handling of SCRA lease termination requests.

12. During its investigation, the Department reviewed Integrity’s policies and the tenant files of servicemembers who had asked to terminate their leases under the SCRA. Based on its review, the Department determined that Integrity imposed unlawful early termination charges on at least 17 servicemembers who terminated their leases early pursuant to Section 3955 of the SCRA.

13. These servicemembers were charged early termination fees ranging from approximately \$132 to approximately \$2,032 when they exercised their SCRA right to terminate their leases.

14. Some of the early termination charges were in the form of “chargebacks” of rent concessions or discounts servicemembers had received during their tenancies. After the servicemembers terminated their leases pursuant to the SCRA, Integrity required them to pay back these concessions or discounts.

15. From approximately 2016 to 2019, Integrity had a company-wide policy of charging back rent concession and discounts to servicemembers who were terminating their leases pursuant to the SCRA.

16. From approximately 2016 to 2019, Integrity also charged termination penalties and insufficient notice fees to servicemembers who were terminating their leases pursuant to the SCRA.

17. For at least some period of time between 2016 and 2019, Integrity used software that was programmed to automatically charge early termination and insufficient notice fees to tenants, regardless of whether the tenant was terminating pursuant to the SCRA.

18. Additionally, in at least two instances, Integrity refused to accept commanders' letters as official documentation in support of servicemembers' requests for early lease termination. In one instance, the servicemember was charged an additional month of rent in the amount of approximately \$1,175 and the servicemember's spouse spent several months while the servicemember was deployed attempting to correct the situation. In the other instance, the servicemember was charged an additional month of rent in the amount of approximately \$735.

SERVICEMEMBERS CIVIL RELIEF ACT VIOLATIONS

19. The SCRA provides that “[t]he lessee on a [residential] lease . . . may, at the lessee’s option, terminate the lease at any time after . . . the date of the lessee’s military orders . . .” 50 U.S.C. § 3955(a)(1). This option applies to servicemembers who execute a lease and thereafter enter military service while the lease is in effect, as well as to servicemembers who, “while in military service, execute[] the lease and thereafter receive[] military orders for a permanent change of station[, or] to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days.” 50 U.S.C. § 3955(b)(1)(B). Termination may be made “by

delivery by the lessee of written notice of such termination, and a copy of the servicemember's military orders, to the lessor." 50 U.S.C. § 3955(c)(1)(A). The statute specifies that "[t]he term 'military orders', with respect to a servicemember, means official military orders, or any notification, certification or verification from the servicemember's commanding officer, with respect to the servicemember's current or future military duty status." 50 U.S.C § 3955(i). "The lessor may not impose an early termination charge." 50 U.S.C. § 3955(e)(1).

20. From October 1, 2016 to February 11, 2019, Integrity imposed early termination charges on at least 17 servicemembers who terminated their residential leases pursuant to the SCRA.

21. The servicemembers who were charged early termination fees had entered into a lease with Integrity and thereafter: (1) entered military service; (2) received permanent change of station orders, including retirement or separation orders; or (3) received orders to deploy for at least 90 days, as required by 50 U.S.C. § 3955(b)(1).

22. The servicemembers who were charged early termination fees provided Integrity with a written notice of termination and a copy of their official military orders or other notification, certification, or verification with respect to their current or future military duty status, as required by 50 U.S.C § 3955(c)(1)(A).

23. From October 1, 2016 to February 11, 2019, on at least two occasions, Integrity refused to grant early termination requests made by servicemembers who provided a notification, certification or verification from their commanding officer in lieu of official military orders.

24. Integrity has engaged in a pattern or practice of violating 50 U.S.C. § 3955(e)(1) by imposing early termination charges against servicemembers who terminated their residential leases pursuant to the SCRA.

25. Integrity's imposition of early termination fees against servicemembers who terminated their residential leases pursuant to the SCRA raises an issue of significant public importance.

26. Integrity's denial of early lease termination requests made by servicemembers who provided a memorandum from their commanding officer instead of official military orders also raises an issue of significant public importance.

27. The servicemembers who terminated their residential leases under the SCRA and were required to pay early termination charges and the servicemembers who had their lease terminations denied are "person[s] aggrieved" under 50 U.S.C. § 4041(b)(2) and have suffered damages as a result of Integrity's conduct.

28. Integrity's conduct was intentional, willful, and taken in disregard for the rights of servicemembers.

RELIEF REQUESTED

WHEREFORE, the United States requests that the Court enter an ORDER that:

1. Declares that Integrity's conduct violated the Servicemembers Civil Relief Act, 50 U.S.C. § 3901, *et seq.*;
2. Enjoins Integrity, its agents, employees, and successors, and all other persons and entities in active concert or participation with Integrity from:
 - a. including a provision in any residential lease or lease addendum requiring servicemembers who terminate the lease in accordance with the SCRA to return any rent concession or discount or to pay any other early termination charge;
 - b. imposing an early termination charge when an SCRA-protected servicemember terminates a residential lease early;

c. denying early lease termination requests made by protected servicemembers on the grounds that they provided a notification, certification or verification from their commanding officer in lieu of official military orders;

d. failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, the identified victims of Integrity's illegal conduct to the positions they would have been in but for that illegal conduct; and

e. failing or refusing to take such affirmative steps as may be necessary to prevent the recurrence of any illegal conduct in the future;

3. Awards appropriate monetary damages under 50 U.S.C. § 4041(b)(2) to the identifiable victims of Integrity's violations of the SCRA; and

4. Assesses civil penalties against Integrity under 50 U.S.C. § 4041(b)(3) in order to vindicate the public interest.

The United States further requests such additional relief as the interests of justice may require.

Dated: August 19, 2022

Respectfully submitted,

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