

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

STONEBRIDGE AT BEAR CREEK, LLP;
S & H REALTY MANAGEMENT LLP; and
NANCY QUANDT,

Defendants.

Civil Action No. 3:13-cv-1396

COMPLAINT

The United States of America alleges as follows:

Nature of Action

1. This action is brought by the United States to enforce Title VIII of the Civil Rights Act of 1968, 42 U.S.C. §§ 3601-3631, as amended (“the Fair Housing Act” or “the FHA”), against defendants Stonebridge at Bear Creek, LLP, S & H Realty Management LLP, and Nancy Quandt—the owners, managers, and operators of Stonebridge at Bear Creek Apartments (“Stonebridge Apartments”) located in Euless, Texas. The defendants have violated the FHA by engaging in a multi-year campaign of denial of housing opportunities to persons of Middle Eastern and South Asian descent seeking to live at Stonebridge Apartments, and segregation of persons of Middle Eastern and South Asian descent who live at Stonebridge Apartments.

Jurisdiction and Parties

2. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. § 3614(a).
3. Venue is proper under 28 U.S.C. § 1391(b), because the events or omissions giving rise to the claims alleged in this complaint occurred in the Northern District of Texas.
4. Defendant Stonebridge at Bear Creek, LLP, is a Minnesota company and the sole owner of Stonebridge Apartments.
5. Defendant S & H Realty Management, LLP, (“S & H Realty”) is a Minnesota company and manages fourteen residential properties in Texas, including Stonebridge Apartments.
6. Defendant Nancy Quandt, who is white, was employed by Defendant S & H Realty as manager of Stonebridge Apartments from at least 2004 through February 2010.

Defendants’ Campaign of Discrimination Against Persons of Middle Eastern and South Asian Descent.

7. Stonebridge Apartments is located at 2250 Fuller Wisser Road, Euless, TX 76039 and is an apartment complex consisting of 184 units spread across 21 two-story buildings.
8. As manager of Stonebridge Apartments, Quandt was familiar with and responsible for implementing apartment policies concerning prospective tenant screening, applicant qualifications, leasing, collection/release of security deposits, rent collection, apartment maintenance and repair, and tenant complaints, among other duties.
9. Quandt was also responsible for the hiring, firing, training and daily supervision of leasing agents at Stonebridge Apartments.
10. From at least 2009 to 2010, Nancy E. Hart, Vice President of Operations for S&H Realty, managed approximately eight multi-family properties in the Dallas/Fort Worth area

through various property managers who reported directly to her, including Quandt for Stonebridge Apartments.

11. Quandt communicated a strong dislike for Middle Eastern and South Asian persons to Stonebridge Apartments employees and frequently used the phrase “curry people” to describe Middle Eastern and South Asian persons in a derogatory manner.
12. From at least 2008 to 2009, Quandt routinely instructed leasing agents under her supervision that they were prohibited from leasing to any Middle Eastern or Asian person unless they were placed in Building #18, even if vacancies existed in other buildings at the property.
13. From at least 2009 to 2010, Quandt instructed leasing agents under her supervision that they were prohibited from leasing to any Middle Eastern or Asian person unless they were placed in Building #16 or Building #18, even if vacancies existed in other buildings at the property.
14. Quandt instructed leasing agents under her supervision to consider a caller’s accent and name in order to screen out persons of Middle Eastern or South Asian descent when making the decision of whether or not to offer a lease.
15. Quandt enforced the complex’s rules—such as those concerning clutter on patios or liquids leaking from parked cars—more strictly against Middle Eastern and South Asian tenants as compared to tenants of other national origins.
16. Quandt justified her discriminatory instructions and behavior by saying that persons from the Middle East and South Asia “stink,” were “dirty,” “completely destroyed”

apartments, left the walls smelling of curry after they moved out, and made neighboring tenants want to live elsewhere.

17. Quandt told a Stonebridge tenant in her office, while in the presence of a maintenance worker, that she “hated” Middle Eastern persons and she would like to put them on a plane or an island and “blow them up.”
18. The maintenance worker informed his supervisor, John Govel, the Director of S & H Realty’s maintenance department, about Quandt’s discriminatory comments but Defendants took no remedial action.
19. Defendants’ policy of discriminating against, excluding, and segregating persons of Middle Eastern or South Asian descent, as described above, was applied on a daily basis by Quandt and the leasing agents under her supervision.
20. Quandt told the leasing agents under her supervision that two previous leasing agents who had reported Quandt’s discriminatory conduct to Quandt’s supervisor (Nancy Hart) were fired almost immediately as a consequence.
21. Leasing agents under Quandt’s supervision complied with her discriminatory instructions and did not file, or delayed filing, any complaint out of a credible fear of losing their jobs in retaliation.
22. Daneisha Davis worked as a leasing agent at Stonebridge Apartments from August or September 2008 to January 20, 2010, and was supervised by Quandt.
23. Quandt told Davis that her supervisor, Nancy Hart, was “shocked” that she had hired Davis, who has moderately dark skin tone, because “everyone thinks I’m a racist,” to which Quandt added, “but now I won’t look like one.”

24. When Quandt hired another leasing agent with moderately dark skin tone, Quandt told Davis that Hart would be even more surprised now because she had hired someone “that looked Mexican or Middle Eastern or something.”
25. On or about December of 2009, Quandt allowed Davis to place a Middle Eastern or South Asian person in a building other than #16 or #18, specifically, Building #2.
26. Quandt explained that because the apartment in Building #2 was being vacated by a Middle Eastern or South Asian resident, the unit was “nasty” and could be occupied by another Middle Eastern or South Asian person in order to save Stonebridge Apartments the expense of having to clean the unit before leasing it.
27. Stonebridge Apartments had 75 units that were vacant or became vacant at some point during the 2009 calendar year.
28. In 2009, vacancies per month reached a high of 34 units (18% vacancy rate) and never fell below 20 units (11% vacancy rate).
29. Davis told Quandt that they could not keep turning away people who were otherwise qualified to live at Stonebridge Apartments when the property had so many vacancies, but Quandt did not revoke or modify her discriminatory instructions.
30. Most persons of Middle Eastern or South Asian descent who moved into Stonebridge from November 2008 through February 2010 were shown only one apartment even though there were multiple vacancies.
31. Almost all persons of Middle Eastern or South Asian descent who moved into Stonebridge from November 2008 through February 2010 were told that there was only one apartment available even though there were multiple vacancies.

32. Persons of Middle Eastern or South Asian descent were steered into Building #18 because of their race or national origin from at least as early as 2004.
33. Persons of Middle Eastern or South Asian descent were steered into Building #16 because of their race or national origin from at least as early as 2009.
34. From 2009 to 2010, the average number of persons of Middle Eastern or South Asian descent in buildings other than #16 and #18 was 0.32 tenants per building, with an average concentration per building of 3.6%.
35. From 2009 to 2010, the average number of persons of Middle Eastern or South Asian descent in Building #18 was 5.0 (out of 6), with an average concentration of 83.33%.
36. From 2009 to 2010, the average number of persons of Middle Eastern or South Asian descent in Building #16 was 3.0 (out of 8), with an average concentration 37.5%.
37. Defendants knew, or should have known, that Quandt and/or leasing agents under her supervision denied housing opportunities to persons of Middle Eastern and South Asian descent seeking to live at Stonebridge Apartments, and/or segregated persons of Middle Eastern and South Asian descent living at Stonebridge Apartments.
38. By the conduct set forth in paragraphs 1-37 above, the Defendants have:
 - a. Refused to negotiate for the rental of, or otherwise made unavailable or denied, a dwelling to a person or persons because of national origin, in violation of the Fair Housing Act, 42 U.S.C. § 3604(a);
 - b. Discriminated in the terms, conditions, or privileges of sale or rental of dwellings, and/or in the provision of services or facilities in connection therewith, because of national origin in violation of the Fair Housing Act, 42 U.S.C. § 3604(b);

- c. Made statements and caused to be made, printed or published statements and advertisements with respect to the rental of a dwelling that indicate a preference, limitation or discrimination based on national origin, and an intention to make such a preference, limitation or discrimination, in violation of the Fair Housing Act, 42 U.S.C. § 3604(c); and,
 - d. Represented to a person, or persons, because of national origin that any dwelling was not available for inspection or rental when such dwelling was in fact available, in violation of the Fair Housing Act, 42 U.S.C. § 3604(d).
- 39. Persons who have been victims of the Defendants' discriminatory conduct, policies, practices, statements, or actions as described in this complaint, are aggrieved persons within the meaning of 42 U.S.C. § 3614(d)(1)(B) of the Fair Housing Act, and have suffered damages as a result of such discrimination.
- 40. The Defendants' discriminatory conduct, policies, practices, statements, and actions as described in this complaint were intentional, willful, malicious, and taken in knowing disregard for the legally protected rights of others.
- 41. By the conduct set forth in paragraphs 1-40 above, the Defendants have:
 - a. Engaged in a pattern or practice of resistance to the full enjoyment of rights granted by the Fair Housing Act, in violation of 42 U.S.C. § 3614(a); and
 - b. Denied to a group of persons rights granted by the Fair Housing Act, which denial raises an issue of general public importance, in violation of 42 U.S.C. § 3614(a).

PRAYER FOR RELIEF

WHEREFORE, the United States prays that the court enter an ORDER that:

1. Declares that the Defendants have violated the Fair Housing Act;
2. Enjoins the Defendants, their officers, employees, agents, successors and all other persons in active concert or participation with them, from further:
 - a. Refusing to rent or to negotiate for the rental of, or otherwise making unavailable or denying, a dwelling to any person because of national origin;
 - b. Discriminating in the terms, conditions, or privileges of sale or rental of dwellings, and/or in the provision of services or facilities in connection therewith, because of national origin;
 - c. Making, printing, or publishing statements and advertisements with respect to the rental of a dwelling that indicate a preference, limitation or discrimination based on national origin;
 - d. Representing to any person because of national origin that any dwelling is not available for inspection or rental when such dwelling is in fact available;
 - e. Failing or refusing to take such steps that may be necessary to prevent the recurrence of any discriminatory conduct and to eliminate, to the extent practicable, the effects of the Defendants' unlawful practices.
3. Awards monetary damages pursuant to 42 U.S.C. § 3614(d)(1)(B), to all persons harmed by the Defendants' discriminatory practices; and
4. Assesses a civil penalty against the Defendants in an amount authorized by 42 U.S.C. § 3614(d)(1)(C), to vindicate the public interest.

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

Dated: April 5, 2013

ERIC H. HOLDER, Jr.
Attorney General

SARAH R. SALDAÑA
United States Attorney
Northern District of Texas

s/ Thomas E. Perez
THOMAS E. PEREZ
Assistant Attorney General
Civil Rights Division

s/ Susan L.S. Ernst
SUSAN L.S. ERNST
Assistant United States Attorney
TX SBN # 18519600
United States Attorney's Office
Northern District of Texas
1100 Commerce St., Third Floor
Dallas, Texas 75242
Phone: (214) 659-8626
Fax: (214) 659-8807
Susan.Ernst@usdoj.gov

s/ Steven H. Rosenbaum
STEVEN H. ROSENBAUM
Chief
DC Bar # 417585

s/ Roger T. Severino
ROGER T. SEVERINO
Trial Attorney
DC Bar # 488685
NORRINDA BROWN HAYAT
Trial Attorney
DC Bar # 479640
Housing and Civil Enforcement Section
Civil Rights Division
U.S. Department of Justice
950 Pennsylvania Ave., N.W.
Northwestern Building, 7th Floor
Washington, D.C. 20530
Phone: (202) 353-9732
Fax: (202) 514-1116
Roger.Severino@usdoj.gov