

**UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF ADMINISTRATIVE LAW JUDGES**

The Secretary, United States Department)
of Housing and Urban Development, on behalf of)
Redacted)
and their aggrieved children, and Redacted,) HUDALJ No.: 18-AF-0219-FH-012
Charging Party,) FHEO No.: 05-17-6995-8; 05-17-
v.) 7296-8; 05-17-8158-8
Lakes and More Realty, Inc., d.b.a. Bemidji)
Property Management, Barbara Raymond,)
Hans Serleth, and Corie Serleth,)
Respondents.)
_____)

INITIAL DECISION AND CONSENT ORDER

I. BACKGROUND

On or about August 3, 2018, the Secretary of the U.S. Department of Housing and Urban Development (hereinafter “HUD” or “Charging Party”) filed a Charge of Discrimination (“Charge”) against Respondents Lakes and More Realty, Inc., d/b/a Bemidji Property Management, Barbara Raymond, Hans Serleth and Corie Serleth (“Respondents”) pursuant to the Fair Housing Amendments Act of 1988, 42 U.S.C. § 3601, *et seq.* (the “Act”). The Charge alleges that Respondents violated subsections 804(a) and 804(b) of the Act when Respondents discriminated against Complainants on the bases of race, national origin and familial status.

Complainant Redacted, her partner Redacted, and her two sons planned to rent a home with Complainants Redacted and their five minor children. Complainant Redacted is Complainant Redacted adult daughter. In September 2016, the Redacted and Redacted (collectively “the Redacted family”) sought housing that would accommodate their extended family living arrangement. Complainants Redacted and her sons, are Native American. Complainants Redacted is Mexican American, and the Redacted children are of Native American and Mexican-American descent.

The subject property is a six-bedroom,¹ five-bathroom home with over 7,000 square feet of living space, two kitchens, a sauna, a sunroom, a fitness room, indoor and outdoor

¹ Respondents contest that the residence was properly listed as a six-bedroom dwelling. Respondents understand that the dwelling should have been, and was for a period of time, marketed to rent as a five-bedroom house because of the understood capacity of the septic-system.

fireplaces, a library, and a tree house with a zip line, situated on over eight acres of land, with lake access and a dock. Respondents Hans and Corie Serleth (“Respondents Serleth”) owned the subject property and hired Respondent Barbara Raymond, a realtor and the owner of Respondent Lakes and More Realty, Inc., d/b/a Bemidji Property Management, to sell the subject property, or to rent it out until a sale could occur.

At the time Complainants [Redacted] submitted their rental applications for the subject property, Complainants [Redacted] and [Redacted] (“Complainants [Redacted]”) had a lease and were seeking a sublessee. Complainants [Redacted] and their children had recently vacated the subject property. Complainant [Redacted] was a colleague of Complainant [Redacted] and assisted Complainant [Redacted] in seeking to assume his lease at the subject property.

Although Complainants [Redacted], a family of five adults and six children, were financially qualified to rent the subject property, Respondents, nevertheless, denied them the opportunity to rent the subject property. Complainants [Redacted] allege that Respondents discriminated against them on the bases of race, national origin and familial status in their attempt to rent the subject property when Respondents refused to rent to them. Complainants [Redacted] also allege that Respondents discriminated against them when Respondents discouraged them from renting the home by offering them less favorable rental terms, including increasing the monthly rent by \$1,000 and by requiring a security deposit. Notwithstanding Complainants [Redacted] willingness to accept the terms offered by Respondents, their applications were denied. After the denial, the family split up and lived in separate residences. Complainants [Redacted] allege that they are also aggrieved in that they were unable to sublet the property to the [Redacted] family because of Respondents’ alleged discriminatory refusal to rent to them as Respondents Serleth, through Respondent Raymond, negotiated a “buyout” with Complainants [Redacted]. The [Redacted] ultimately paid Respondents Serleth \$15,500.00 to resolve the early termination of their lease.

Respondents defend the denial by alleging that the household exceeded the functional capacity of the residence. Respondents specifically claim that the tenancy of eleven people would have caused damage to the subject property’s septic system. Respondents deny discrimination and allege that the reason they did not rent to Complainants [Redacted] was because of the damage an eleven-member household would do to the existing septic system, whose maximum functional capacity was understood by Respondents to be ten individuals. Respondent Raymond further denies the allegations of any additional charges, including that Complainants [Redacted] were told that the monthly rent would increase by \$1,000.

To avoid uncertain and costly litigation, Respondents have agreed to resolve the above-captioned case with Charging Party, Complainants and the aggrieved parties without the need for a hearing or adjudication on damages and, other than as stated herein, the parties recognize and agree that this Consent Order is the compromise of disputed claims and that

the consideration accepted and paid hereunder is not intended, nor shall it be construed by anyone, to be an admission of liability by or on behalf of any of the parties, by whom all such liability is expressly denied. Respondents, Complainants and the aggrieved parties have consented to the entry of this Initial Decision and Consent Order (hereinafter “Consent Order”), as indicated by the signatures of the parties and counsel below. The Charging Party has filed with the Office of Administrative Law Judges a fully executed Motion for Entry of an Initial Decision and Consent Order, along with this Initial Decision and Consent Order.

II. GENERAL PROVISIONS

- A. The parties acknowledge that this Consent Order is a voluntary and full resolution of the disputed Charge. No party has been coerced or in any way forced to become a party to this Consent Order. The parties have read and fully understand the significance of all the terms set forth herein.
- B. If Respondents need an extension of time in order to satisfy a deadline provided in this Consent Order, such extension must be obtained in writing from counsel for the Charging Party.
- C. This Consent Order shall govern the conduct of the parties to it for a period of five (5) years following the date this Consent Order becomes final pursuant to 42 U.S.C. § 3612(h).
- D. The Consent Order is binding upon all named Complainants, aggrieved parties, Respondents and their employees, heirs, successors, assigns, and all others working for or associated with Respondents who are involved in the rental and management of all residential dwellings either owned and/or managed, in whole or in part, by Respondents.
- E. It is understood that the Initial Decision and Consent Order shall be a public document pursuant to 24. C.F.R. § 180.680.
- F. The signatures of the parties to this Consent Order further constitute a waiver of any right to apply for attorney’s fees or costs pursuant to 42 U.S.C. § 3612(p).

III. RELIEF

A. INJUNCTION FROM DISCRIMINATION

- 1. Respondents acknowledge that the Fair Housing Act makes it unlawful to:
 - a. Refuse to sell or rent after the making of a *bona fide* offer, or to refuse to negotiate for the sale or rental of, or to otherwise make unavailable or deny, a dwelling to any person because of race, national origin and familial status as prohibited by the Act, 42 U.S.C. § 3604(a).
 - b. Discriminate against any person in the terms, conditions, or

privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection with such dwelling, because of race, national origin and familial status as prohibited by the Act, 42 U.S.C. § 3604(b).

2. Respondents hereinafter promise and agree to comply with all the provisions of the Act relevant to the subject property and any other properties owned and/or managed by them. Respondents agree that they will rent properties owned and/or managed by them to qualified occupants on a non-discriminatory basis as required by the federal Fair Housing Act. Respondents, their heirs, executors, assigns, agents, employees, and successors, and all other persons in active concert or participation with them in the ownership or operation of properties owned or managed by them, are permanently enjoined from any further violations of the Fair Housing Act. Respondents hereinafter promise and agree to comply with all provisions of the Fair Housing Act relevant to any property they own or manage.

B. SPECIFIC RELIEF FOR COMPLAINANTS

In exchange for the Charging Party's and Complainants' agreement to dismiss this Charge and the waiver, settlement, satisfaction and dismissal of any and all fair housing claims arising out of, or connected with, the instant action, by the Charging Party as to all named Respondents, Respondents shall:

1. Within thirty (30) days of the effective date of this Consent Order, Respondents Lakes and More Realty, Inc. and Barbara Raymond shall pay to Complainants [Redacted] and [Redacted], and Complainant [Redacted] two sons, as aggrieved persons, the total sum of \$26,500.00 in full settlement of their claims for damages arising out of the allegations presented in the Charge. The payment shall be in the form of a certified check made payable to [Redacted].” The aforementioned payment shall be mailed, by certified mail, to HUD’s Regional Counsel for Region V at the address identified below.
2. Within thirty (30) days of the effective date of this Consent Order, Respondents Lakes and More Realty, Inc. and Barbara Raymond shall pay to Complainants [Redacted] and [Redacted], and their five minor children, as aggrieved persons, the sum of \$26,500 in full settlement of their claims for damages arising out of the allegations presented in the Charge. Payment shall be in the form of a certified check made payable to [Redacted]” and mailed, by certified mail, to HUD’s Regional Counsel for Region V at the address identified below.
3. Within thirty (30) days of the effective date of this Consent Order, Respondent Lakes and More Realty, Inc. and Barbara

Raymond shall pay to Complainants [Redacted] and [Redacted] the sum of \$12,000 in full settlement of their claims for damages arising out of the allegations presented in the Charge. Payment shall be in the form of a certified check made payable to [Redacted]” and mailed, by certified mail, to HUD’s Regional Counsel for Region V at the address identified below.

4. Within sixty (60) days of the effective date of this Consent Order, Respondents Hans Serleth and Corie Serleth shall pay to Complainants [Redacted], and Complainant [Redacted] two sons, [Redacted] and their five minor children the total sum of \$7,000 in full settlement of their claims for damages arising out of the allegations presented in the Charge. The payment shall be in the form of a certified check made payable to [Redacted].” The aforementioned payment shall be mailed, by certified mail, to HUD’s Regional Counsel for Region V at the address identified below.
5. Within thirty (30) days of the effective date of this Consent Order, Respondents Hans Serleth and Corie Serleth shall pay to Complainants [Redacted] and [Redacted] the sum of \$2,000 in full settlement of their claims for damages arising out of the allegations presented in the Charge. Payment shall be in the form of a certified check made payable to [Redacted] and [Redacted]” and mailed, by certified mail, to HUD’s Regional Counsel for Region V at the address identified below.
6. All the payments referenced in Section III(B), paragraphs one through five, above shall be mailed to HUD’s Regional Counsel for Region V at the following address:

Courtney B. Minor, Regional Counsel, Region V
Attn: Jaret R. Fishman, Trial Attorney
U.S. Department of Housing and Urban Development
77 West Jackson Boulevard, Room 2617
Chicago, Illinois 60604-3507

C. RELIEF IN THE PUBLIC INTEREST

1. Within sixty (60) days of the effective date of this Consent Order, Respondents Lakes and More Realty, Inc. and Barbara Raymond agree to publish a fair housing advertisement in *The Bemidji Pioneer* to include a fair housing statement of non-discrimination in the rental and sale of housing. The cost of such advertisement shall be in the amount of \$500. Respondents Lakes and More Realty, Inc. and Barbara Raymond shall obtain written approval, of the content in the advertisement, which approval shall not be unreasonably withheld, from

counsel for the Charging Party prior to the placement of the advertisement in *The Bemidji Pioneer*.

2. Respondents Lakes and More Realty, Inc. and Barbara Raymond shall include the Equal Housing Opportunity Logo on their advertisements, Rental Applications and Leases. The Logo may be found at:
<https://portal.hud.gov/hudportal/HUD?src=/library/bookshelf1/1/hudgraphics/fheologo>
3. Within ninety (90) days of the entry of this Consent Order, Respondent Barbara Raymond shall attend two trainings, which shall combined be a minimum of five (5) hours total in duration. The two trainings will be (1) a fair housing training, given by a qualified fair housing enforcement agency or instructor, pertaining to her obligations under the Fair Housing Act, and (2) a multicultural-sensitivity course. Respondent Barbara Raymond must obtain written approval from counsel for the Charging Party prior to the commencement of the fair housing training and the multi-cultural sensitivity course, which such approval shall not be unreasonably withheld. Respondent Barbara Raymond is responsible for any and all costs associated with the aforementioned trainings identified above.
4. Respondent Barbara Raymond shall provide a certificate of completion to HUD, in the same or similar form as that attached hereto as "Attachment A" and "Attachment B" evidencing that she has successfully completed the courses identified in Section III(C)(3) above. The submission will be transmitted to the Department within thirty (30) days of completion of such training course. The certificate of completion shall be completed and mailed to HUD by regular mail to the following address:

Courtney B. Minor, Regional Counsel, Region V
Attn: Jaret R. Fishman, Trial Attorney
U.S. Department of Housing and Urban Development
77 West Jackson Boulevard, Room 2617
Chicago, Illinois 60604-3507

IV. ADDITIONAL REPORTING AND RECORD KEEPING

- A. Respondents Lakes and More Realty, Inc., and Barbara Raymond, shall maintain records about every showing, and maintain a copy of every written application submitted from all persons who apply to rent any property owned and/or managed by Respondents Lakes and More Realty, Inc. and Barbara Raymond. For those persons that submit applications or participate in a showing of a dwelling for purposes of rental, the record to be maintained

shall include a statement of whether the person was rejected or accepted, the date of such action, and, if rejected, the reason for the rejection. Nothing herein shall require Respondents Lakes and More Realty, Inc. and Barbara Raymond to maintain records of those individuals present at a showing who are not seeking to lease the property, including, but not limited to, accompanying minors. Respondents Lakes and More Realty, Inc. and Barbara Raymond shall maintain this information for a period of two (2) years.

- B. During the term of this Consent Order, Respondents shall notify HUD of any formal complaint filed against them with a local, state, or federal agency regarding equal opportunity or discrimination in housing within ten (10) days of receipt of any such complaint. Respondents shall provide a copy of the complaint with the notification to HUD. Respondents shall also promptly provide HUD with all information it may request concerning any such complaint and its actual or attempted resolution. Such notifications shall be submitted to:

Maurice McGough, Director, Region V
Kimberly Nevels, Chicago Program Center Director
Office of Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development
77 West Jackson Boulevard, Room 2101
Chicago, Illinois 60604-3507

Courtney B. Minor, Regional Counsel, Region V
U.S. Department of Housing and Urban Development
77 West Jackson Boulevard, Room 2617
Chicago, Illinois 60604-3507

V. MONITORING BY HUD

- A. Between the date of the entry of this Consent Order and two (2) years from said date, HUD may review compliance with this Consent Order, subject to and in accordance with HUD regulations. As part of such review, HUD may, upon providing reasonable advance notice of said inspection, inspect Respondents' properties, examine witnesses, and copy pertinent records of Respondents. Respondents agree to provide their full cooperation in any review undertaken by HUD to ensure compliance with this Consent Order.
- B. Upon a breach of any provision of this Consent Order, HUD may refer this matter to the Department of Justice to petition the United States Court of Appeals for the Eighth Circuit to enforce the Consent Order and for any other appropriate relief in accordance with 42 U.C.S. § 3612(j).
- C. This Consent Order does not in any way limit or restrict HUD's authority to investigate any other unrelated complaints involving Respondents made

pursuant to the Act, or any other complaints within HUD's jurisdiction.

VI. MUTUAL RELEASE

- A. In consideration of the execution of this Consent Order, and other good and valuable consideration, all named Complainants and aggrieved parties, their successors, assigns, agents, employees, and attorneys hereby forever absolutely and unconditionally waive, release, acquit, forever discharge and covenant not to sue or file or assert any complaints, in any forum, against Respondents or the Department, their successors, heirs, executors, assigns, agents, employees, directors, officers, other representatives, subsidiaries, related companies, insurers or attorneys, including any subsequent owner of the subject property, with regard to any and all claims, disputes, demands, actions, damages (including attorney fees), costs, expenses, and injuries of whatever nature, whether presently known or unknown, absolute or contingent, which they had at any time arising out of, regarding or related to the subject matter of HUD ALJ No. 18-AF-0219-FH-012, and FHEO No. 05-17-6995-8; 05-17-7296-8; 05-17-8158-8, and/or the complaint filed with the Minnesota Association of Realtors® File No. PS-16-75 which could have been or could be filed in any action, complaint or suit arising from said subject matter.
- B. In consideration of the execution of this Consent Order, and other good and valuable consideration, all named Respondents, their successors, assigns, agents, employees, or attorneys, hereby forever waive, release, and covenant not to sue the Department, Complainants, the aggrieved parties, or their heirs, officers, successors, assigns, agents, employees or attorneys with regard to any and all claims, damages and injuries of whatever nature, whether presently known or unknown, arising out of the subject matter of HUD ALJ No. 18-AF-0219-FH-012, and FHEO No. 05-17-6995-8; 05-17-7296-8; 05-17-8158-8 which could have been filed in any action or suit arising from said subject matter.
- C. In consideration of the execution of this Consent Order, and other good and valuable consideration, all named Respondents, their successors, assigns, agents, employees, and attorneys hereby forever absolutely and unconditionally waive, release, acquit, forever discharge and covenant not to sue or file or assert any complaints, in any forum, against any other named Respondent, their successors, heirs, executors, assigns, agents, employees, directors, officers, other representatives, subsidiaries, related companies, insurers or attorneys, including any subsequent owner of the subject property, with regard to any and all claims, disputes, demands, actions, damages (including attorney fees), costs, expenses, and injuries of whatever nature, whether presently known or unknown, absolute or contingent, which they had at any time arising out of, regarding or related to the subject matter of HUD ALJ No. 18-AF-0219-FH-012, and FHEO No. 05-17-6995-8; 05-17-7296-8; 05-17-8158-8 and/or the complaint filed with the Minnesota

Association of Realtors® File No. PS-16-75 which could have been or could be filed in any action, complaint or suit arising from said subject matter.

VII. DISMISSAL OF CHARGE

In consideration of Respondents' payments to Complainants as set forth above, compliance with the terms and conditions of this Consent Order, and all orders contained herein, the Charging Party agrees to the dismissal with prejudice, of the allegations that Respondents injured Complainants or the aggrieved parties by violating the Act. Therefore, the Charge against Respondents is hereby **DISMISSED WITH PREJUDICE**. However, nothing in this paragraph should be construed to prevent any of the parties from taking action to enforce this Consent Order.

VIII. COMPLIANCE

The dismissal herein shall not constitute an adjudication of a discriminatory housing practice pursuant to 24 C.F.R. § 180.671(a). Failure to satisfy the terms of this Consent Order is a breach of the Consent Order, which may be enforced in the United States Court of Appeals pursuant to 42 U.S.C. § 3612(j) and (m).

IX. CONSENT AND SIGNATURES

The parties and their counsel agree that, in the interest of a prompt conclusion of this matter, the execution of this Consent Order may be accomplished by the parties' signatures on separate pages of this Consent Order, with the individual signature pages to be attached to the body of the Consent Order to constitute one document to be filed with the Office of Administrative Law Judges. Signature pages may be provided by facsimile or electronic transmission.

The undersigned parties have read the foregoing Consent Order in HUD ALJ No. 18-AF-0219-FH-012, and FHEO No. 05-17-6995-8; 05-17-7296-8; 05-17-8158-8 and willingly consent to it with a full understanding of the rights it confers and the responsibilities it imposes upon them, as signified by their signature below:

FOR COMPLAINANTS **Redacted**
Redacted **AND AGGRIEVED PARTIES:**

Redacted
Redacted individually and
on behalf of her aggrieved children

Date

Redacted

Date

Redacted individually and
on behalf of his aggrieved children

Date

Redacted individually and
on behalf of her aggrieved children

Date

FOR COMPLAINANTS **Redacted** :

Redacted _____

_____ Date

Redacted _____

_____ Date

FOR RESPONDENTS:

Lakes and More Realty, Inc., d/b/a Bemidji Property Management:

By: _____

Title: _____

Date: _____

Barbara Raymond

By: _____

Date: _____

Hans Serleth

By: _____

Date: _____

Corie Serleth

By: _____

Date: _____

**COUNSEL FOR RESPONDENTS LAKES AND MORE REALTY, INC. d/b/a BEMIDJI
PROPERTY MANAGEMENT AND BARBARA RAYMOND:**

By: _____

David J. McGee
Chestnut Cambronne
17 Washington Avenue, North, Suite #300
Minneapolis, MN 55401-2048
DMcGee@chestnutcambronne.com

Date: _____

COUNSEL FOR RESPONDENTS HANS AND CORIE SERLETH:

By: _____

Ranelle Leier
Fox Rothschild, LLP
Campbell Mithun Tower – Suite 2000
222 South Ninth Street
Minneapolis, MN 55402-3338
rleier@foxrothschild.com

Date: _____

**COUNSEL FOR CHARGING PARTY, U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT:**

By: _____

Courtney B. Minor, Regional Counsel, Region V
U.S. Department of Housing and Urban Development
77 West Jackson Boulevard, Room 2617
Chicago, Illinois 60604-3507

Date: _____

X. ORDER OF THE COURT

This Consent Order is entered into pursuant to the Fair Housing Act, 42 U.S.C. § 3612(g)(3), and shall become final upon the expiration of thirty (30) days or by confirmation of the Secretary within that time. *See* 42 U.S.C. § 3612(h). The signatures of the parties to this Consent Order constitute a waiver of any right to withdraw their consent during the thirty (30) day Secretarial review period and a waiver of any right to challenge the validity of this Consent Order at any time.

The hearing in this matter was scheduled for January 29, 2019. On _____, the parties forwarded to the Court the foregoing Order, incorporating the terms of their agreement. The Court, after reading the agreement finds that it appears to be in the public interest. All parties have given their consent and signed the agreement incorporated in the foregoing Initial Decision and Consent Order, which is hereby accepted and issued.

So ORDERED, this _____ day of _____ 201__.

UNITED STATES ADMINISTRATIVE LAW JUDGE

ATTACHMENT A

I, _____, hereby certify that as promised I have attended a training session on fair housing law, given by a qualified fair housing enforcement agency or instructor, on _____, 201__, and that this action does satisfy Section III in the Consent Order entered by Administrative Law Judge Fernández in case number: HUD ALJ No. 18-AF-0219-FH-012, and FHEO No. 05-17-6995-8; 05-17-7296-8; 05-17-8158-8.

Print Name

Position/Title

Signature

Date: _____

ATTACHMENT B

I, _____, hereby certify that as promised I have attended a course on a multicultural sensitivity course on _____, 201__, and that this action does satisfy Section III in the Consent Order entered by Administrative Law Judge Fernández in case number: HUD ALJ No. 18-AF-0219-FH-012, and FHEO No. 05-17-6995-8; 05-17-7296-8; 05-17-8158-8.

Print Name

Position/Title

Signature

Date: _____