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Southern District of New York
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

..... X
UNITED STATES OF AMERICA,

Plaintiff,

and

CAROL ENGLE, VIRGINIA MONCADA,
STACIE EDWARDS-MELCHOR, KIMBERLY
SMITH, and AMY MARTLETT,

Intervenor-Plaintiffs,

— against —

WILLIAM BARNASON, Superintendent,
STEPHEN KATZ, Building Manager, and
STANLEY KATZ, Owner and Manager, of
144 West 73rd Street, 140 West 75th Street, and
142 West 75th Street, New York, New York.

Defendants.
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ECF CASE

10 Civ. 03335-RWS

AMENDED COMPLAINT

JURY TRIAL REQUESTED

Plaintiff, the United States of America, by its attorney, Preet Bharara, United States Attorney for the Southern District of New York, hereby alleges upon information and belief as follows:

1. This is a civil action seeking monetary damages, civil penalties, punitive damages, and injunctive relief brought by the United States to enforce the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, 42 U.S.C. §§ 3601, *et seq.*

JURISDICTION AND VENUE

2. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331, 1345 and 42 U.S.C. § 3614(a).
3. Venue is proper under 28 U.S.C. § 1391(b) because the actions giving rise to the United States' allegations occurred in this district, the subject properties are located in this district, and Defendants reside and/or do business in this district.

THE PARTIES

4. Plaintiff is the United States of America.
5. Defendant William Barnason resides within this district.
6. Defendant Stanley Katz resides within this district.
7. Defendant Stephen Katz resides in Forest Hills, New York.
8. At all times relevant to this action, Defendant Stanley Katz has been the owner, operator, and/or manager of residential rental properties in New York City. These properties include, but are not limited to, the buildings located at 144 West 73rd Street, 140 West 75th Street, and 142 West 75th Street, New York, New York (the "Properties"). The Properties contain multiple rental units.
9. Defendant Barnason was the superintendent of the Properties from approximately 2000

until March 23, 2010, employed by Defendant Stanley Katz as his agent.

10. Defendant Stephen Katz, the son of Defendant Stanley Katz, is the current manager of the Properties, and has served in that role since July 2009, employed by Defendant Stanley Katz as his agent.
11. The rental units at the Properties are “dwellings” within the meaning of 42 U.S.C. § 3602(b).

BACKGROUND

12. Barnason, a registered Level 3 sex offender, was employed by Stanley Katz as superintendent of the Properties for over eight years.
13. Since at least 2004, and possibly earlier, female residents of the Properties have been victims of repeated sexual harassment by Barnason and Stanley Katz.
14. Barnason, who has access to keys to the units in the Properties, routinely demands to have sexual relations with female tenants. Further, if his sexual demands are not complied with, Barnason withholds basic duties such as delivery of mail and apartment repairs and/or threatens tenants with eviction.
15. Defendant Stanley Katz is and has been aware of Barnason’s conduct, condones Barnason’s conduct, and has refused to take any meaningful steps to address the allegations, despite receiving multiple complaints of sexual harassment.
16. Defendants Stanley Katz and Barnason have also conditioned rental fees, either explicitly or implicitly, on sexual favors to Barnason.
17. Since taking over the daily management of the Properties in July 2009, Stephen Katz has

subjected female tenants to a hostile environment by repeatedly subjecting them to vulgar and offensive epithets because of their gender, including calling female tenants prostitutes, whores, bitches and cunts, threatening female tenants, and engaging in other intimidating, humiliating and abusive behavior.

18. Defendant Stanley Katz is and should have been aware of Stephen Katz's conduct, condones Stephen Katz's conduct, and refuses to take any meaningful steps to address the allegations.

CAUSES OF ACTION

COUNT ONE

19. Defendants Stanley Katz and Barnason have violated the Fair Housing Act, 42 U.S.C. § 3601, *et seq.*, by discriminating against persons on the basis of sex in connection with the rental of the Properties.
20. Since at least 2004, and possibly earlier, through approximately March 23, 2010, Defendants Stanley Katz and Barnason have subjected numerous female tenants living in the Properties to severe, unwelcome and pervasive sexual harassment, thereby creating a hostile environment for female tenants and/or quid pro quo harassment. Such conduct includes, but is not limited to:
 - a. unwanted verbal sexual advances, such as repeatedly soliciting sexual favors in exchange for reduction in rent payments;
 - b. unwanted sexual touching, such as grabbing tenants inappropriately;
 - c. unwanted sexual language, including yelling obscenities to female tenants who do

not comply with sexual demands;

- d. conditioning the terms, conditions, and privileges of women's tenancy on the granting of sexual favors;
- e. attempting to enter dwellings while drunk or inebriated, demanding sex;
- f. granting and denying tangible housing benefits based on sex; and
- g. taking adverse action against female tenants when they refused or objected to Barnason's sexual advances.

21. Defendant Stanley Katz is liable for the discriminatory conduct of his agent, Barnason. Defendant Stanley Katz knew or should have known of the discriminatory conduct of Barnason, yet failed to take reasonable or corrective measures.

22. Defendants Stanley Katz and Barnason's conduct described herein constitutes:

- a. A denial of housing or making housing unavailable because of sex, in violation of Section 804(a) of the Fair Housing Act, 42 U.S.C. § 3604(a);
- b. Discrimination 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 Section 804(b) of the Fair Housing Act, 42 U.S.C. § 3604(b);
- c. The making of statements with respect to the rental of dwellings that indicate a preference, limitation, or discrimination based on sex, in violation of Section 804(c) of the Fair Housing Act, 42 U.S.C. § 3604(c); and
- d. Coercion, intimidation, threats, or interference with persons in the exercise or enjoyment of, or on account of their having exercised or enjoyed, or on account of

their having aided or encouraged another person in the exercise or enjoyment of, their rights under Section 804 of the Fair Housing Act, in violation of Section 818 of the Fair Housing Act, 42 U.S.C. § 3617.

23. Defendants Stanley Katz and Barnason's conduct described above constitutes:
 - a. A pattern or practice of resistance to the full enjoyment of 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.
24. Female tenants, prospective tenants, and persons associated with them have been injured by Defendants Stanley Katz and Barnason's discriminatory conduct. Such persons are aggrieved persons as defined in 42 U.S.C. § 3602(i), and have suffered damages as a result of the Defendants' conduct.
25. Defendants Stanley Katz and Barnason's conduct was intentional, willful, and/or taken in reckless disregard for the rights of others.

COUNT TWO

26. Defendants Stanley Katz and Stephen Katz have violated the Fair Housing Act, 42 U.S.C. § 3601, *et seq.*, by discriminating against persons on the basis of sex in connection with the rental of the Properties.
27. Since at least July 2009 through the present, Defendant Stephen Katz has subjected numerous female tenants living in the Properties to severe, unwelcome and pervasive sexual harassment, thereby creating a hostile environment for female tenants. Such

conduct includes, but is not limited to, verbally harassing female tenants with gender-based slurs and epithets, threatening female tenants, and engaging in other intimidating, humiliating and abusive behavior.

28. Defendant Stanley Katz is liable for the discriminatory conduct of his agent, Stephen Katz. Defendant Stanley Katz knew or should have known of the discriminatory conduct of Stephen Katz, yet failed to take reasonable or corrective measures.
29. Defendants Stanley Katz and Stephen Katz's conduct described herein constitutes:
 - a. A denial of housing or making housing unavailable because of sex, in violation of Section 804(a) of the Fair Housing Act, 42 U.S.C. § 3604(a);
 - b. Discrimination 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 Section 804(b) of the Fair Housing Act, 42 U.S.C. § 3604(b);
 - c. The making of statements with respect to the rental of dwellings that indicate a preference, limitation, or discrimination based on sex, in violation of Section 804(c) of the Fair Housing Act, 42 U.S.C. § 3604(c); and
 - d. Coercion, intimidation, threats, or interference with persons in the exercise or enjoyment of, or on account of their having exercised or enjoyed, or on account of their having aided or encouraged another person in the exercise or enjoyment of, their rights under Section 804 of the Fair Housing Act, in violation of Section 818 of the Fair Housing Act, 42 U.S.C. § 3617.
30. Defendants Stanley Katz and Stephen Katz's conduct described above constitutes:

- a. A pattern or practice of resistance to the full enjoyment of 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.
31. Female tenants, prospective tenants, and persons associated with them have been injured by Defendants Stanley Katz and Stephen Katz's discriminatory conduct. Such persons are aggrieved persons as defined in 42 U.S.C. § 3602(i), and have suffered damages as a result of the Defendants' conduct.
32. Defendants Stanley Katz and Stephen Katz's conduct was intentional, willful, and/or taken in reckless disregard for the rights of others.

PRAYER FOR RELIEF

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

- A. Declares that the Defendants' discriminatory practices violate the Fair Housing Act, as amended, 42 U.S.C. §§ 3601 *et seq.*;
- B. Enjoins the Defendants, their agents, employees, and successors, and all other persons in the active concert or participation with them from:
 - i. Discriminating on account of sex, including by engaging in sexual harassment, against any person in any aspect of the rental of a dwelling;
 - ii. Interfering with or threatening to take any action against any person in the exercise or enjoyment of rights granted or protected by the Fair Housing Act, as amended; and

- iii. Failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, the victims of the Defendants' past unlawful practices to the position they would have been in but for the discriminatory conduct;
- C. Awards monetary damages, including punitive damages, to each identifiable victim of the Defendants' discriminatory housing practices for injuries caused by Defendants' discriminatory conduct, pursuant to 42 U.S.C. § 3614(d)(1)(B); and
- D. Assesses civil penalties against the Defendants in order to vindicate the public interest, pursuant to 42 U.S.C. § 3614(d)(1)(c), and 28 C.F.R. § 85.3(b).
- E. Any such other and additional relief as the Court deems proper.

The United States requests trial by jury.

Dated: New York, New York
July 28, 2011


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