

**UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS**

UNITED STATES OF AMERICA,)	
)	
Plaintiff)	
)	
v.)	Civil No.6:17-cv-01081
)	
PAUL JEFFREY PRITCHARD individually)	
and as the trustee of the Paul Jeffrey)	
Pritchard Trust; PAUL JEFFREY)	
PRITCHARD TRUST; KIM)	
SUSANNE PRITCHARD TRUST; KIM)	
SUSANNE PRITCHARD as the trustee of)	
the Kim Susanne Pritchard Trust; and)	
DEBRA M. SCHMIDT,)	
)	
Defendants)	
)	

COMPLAINT AND JURY DEMAND

The United States of America (“United States”) alleges as follows:

NATURE OF THE ACTION

1. This action is brought by the United States to enforce 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.* (the “Fair Housing Act”), on behalf of Shelley McPherson and her minor grandchild, pursuant to 42 U.S.C. § 3612(o).

JURISDICTION AND VENUE

2. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. §§ 3612(o).

3. Venue is proper under 28 U.S.C. § 1391(b) because: (1) Defendants reside in the District of Kansas; and (2) the events or omissions giving rise to the claims alleged in this Complaint occurred in the District of Kansas.

DEFENDANTS AND PROPERTY

4. At all relevant times, Defendants Paul Jeffrey Pritchard Trust and Kim Susanne Pritchard Trust owned a 16-unit apartment complex located at 525 West 37th Street North in Wichita, Kansas (“the subject property”).

5. The units at the subject property are “dwellings” within the meaning of the Fair Housing Act, 42 U.S.C. § 3602(b).

6. Defendants Paul Jeffrey Pritchard (“Pritchard”) and Kim Susanne Pritchard are married and reside in Valley Center, Kansas, in the District of Kansas.

7. At all relevant times, Defendant Paul Jeffrey Pritchard was the trustee of the Paul Jeffrey Pritchard Trust and managed the subject property under the sole proprietorship names “JK Rentals” and “Pilot Properties.”

8. At all relevant times, Defendant Kim Susanne Pritchard was the trustee of the Kim Susanne Pritchard Trust.

9. Defendants Paul Jeffrey Pritchard Trust, Kim Susanne Pritchard Trust, Paul Jeffrey Pritchard, and Kim Susanne Pritchard own and operate other rental properties in Kansas.

10. Defendant Debra M. Schmidt (“Schmidt”) resides in Wichita, Kansas, in the District of Kansas.

11. At all relevant times, Defendant Schmidt managed the subject property as an employee and/or agent of JK Rentals and/or Pilot Properties and under the supervision of Defendant Pritchard.

12. At all relevant times, Defendant Schmidt worked out of the Pilot Properties office located at 906 North Main Street, Suite 2, in Wichita, Kansas.

FACTUAL ALLEGATIONS

13. Defendants have implemented a policy of refusing to rent units at the subject property to families with minor children.

14. The subject property consists of 16 one-bedroom units. Each unit includes a living room of approximately 160 square feet, a bedroom of approximately 135 square feet, and a kitchen area of approximately 36 square feet.

15. The City of Wichita Housing Code permits at least two people to occupy a unit with the size and configuration found at the subject property.

16. On July 1, 2013, Shelley McPherson signed a lease with Defendant Pritchard for a unit at the subject property. The lease covered an initial term of July 2, 2013 to June 30, 2014. After the initial term, the lease was to be renewed automatically and convert to a month-to-month term unless either Defendant Pritchard or Ms. McPherson gave written notice of termination, served by mail.

17. On October 31, 2014, Ms. McPherson was designated the placement provider for her nine-month-old granddaughter, through a written agreement with Saint Francis Community Services, a community partner of the Kansas Department for Children and Families. Her granddaughter began living with her at this time.

18. On or about November 5, 2014, Ms. McPherson visited Defendant Schmidt at the Pilot Properties office, and paid her November rent, which Defendant Schmidt accepted.

19. During the November 5, 2014 visit, Ms. McPherson asked to have her granddaughter added to her lease. Defendant Schmidt responded that this may be a problem because Defendant Pritchard did not want children at the subject property.

20. Ms. McPherson pointed out to Defendant Schmidt that other children lived at the property. Defendant Schmidt's response suggested that she and Defendant Pritchard had just learned of the presence of one or more children at the property.

21. On or about November 7, 2014, Ms. McPherson received a 30 Day Notice of Termination of Lease ("Notice") from Defendants Pritchard and Schmidt.

22. The Notice, dated November 5, 2014, required Ms. McPherson to vacate her unit by December 31, 2014. The Notice provided that it was being given "pursuant to Renewal Terms, of your lease agreement." The Notice stated that Defendants appreciated Ms. McPherson as a tenant and would provide a good rental reference for her.

23. On or about November 5, 2014, Defendants Pritchard and Schmidt also sent a 30 Day Notice of Termination of Lease, which closely resembled the Notice sent to Ms. McPherson, to the residents of another unit in the same building who had a child living in their unit. According to Defendant Pritchard, Defendants had just become aware in or around October of 2014 that that household included a minor child.

24. On or about November 7, 2014, Ms. McPherson called Defendant Pritchard to ask why he had issued her the Notice. Defendant Pritchard responded that he did not have to give her a reason.

25. Prior to receiving the Notice, Ms. McPherson had not failed to fulfill any term of her lease.

26. According to letters that Defendants Schmidt and Pritchard sent to the U.S. Department of Housing and Urban Development ("HUD") during the course of HUD's investigation, dated December 30, 2014 and January 1, 2015 respectively, the reason for issuing

Ms. McPherson the Notice was that the owners wished to “keep the apartments for single residents and no children.” Defendant Schmidt’s letter described the events as follows:

On November 5th Ms. McPherson came into our office with one of her grandbabies and asked if she could add her to the lease. I explained that the owner, Mr. Pritchard wants to keep the apartments for single residents and no children. These apartments are 1 bedroom and only 500 sq. ft. It is the owners [sic] wish to have a quiet, single residence apartment complex.

On November 5th, 2014 we sent Ms. McPherson along with another tenant that has a child living there a 30-day notice of termination of lease, giving them until the end of December 2014 to move.

Similarly, Defendant Pritchard’s letter described the events as follows:

On November 5th Ms. McPherson came into our office with one of her grandbabies and asked Deb Schmidt, our property manager if she could add her grandbaby to the lease. Deb explained to her that we want to keep the apartments for single residents and no children. These apartments are 1 bedroom and only 500 sq. ft. We want to have a quiet, single residence apartment complex.

On November 5th, 2014 we sent Ms. McPherson along with another tenant that has a child living there a 30-day notice of termination of lease, giving them until the end of December 2014 to move.

27. On January 6, 2015, a HUD investigator interviewed Defendant Schmidt. Defendant Schmidt explained that Ms. McPherson occupied a one-bedroom unit and that “[i]t’s just not a good fit for a family. It’s small, and with children it becomes a lot of extra stuff.” Ms. Schmidt said that the owner, Defendant Pritchard, “just wants a single resident.” When asked about the notice sent to the other household with a child, Ms. Schmidt stated, “They also have a small child, an older baby, and Mr. Pritchard said that they can’t have this; he doesn’t want the children in these small apartments. He’s really gearing towards a single occupant.”

28. On March 24, 2015, the HUD investigator interviewed Defendant Pritchard, asking, among other things, when Defendant Pritchard decided to rent the subject property to single residents and no children. Defendant Pritchard replied, “It’s just always been that way.”

29. As a result of the termination of her tenancy, Ms. McPherson experienced stress and anxiety. Ms. McPherson feared that losing her housing could cause her to lose custody of her granddaughter.

30. In December of 2014, Ms. McPherson began to move her belongings from the subject property. On or about December 23, 2014—approximately eight days before her lease was set to terminate—Ms. McPherson found that Defendants had changed the lock to her unit and thrown her remaining belongings in the trash.

31. On December 8, 2014, Ms. McPherson entered into a lease that began on December 19, 2014 for a different apartment for her and her granddaughter. The new apartment required a higher rental payment and it took a longer time to get from there to Ms. McPherson's work, her granddaughter's daycare, and church than from her previous apartment.

HUD COMPLAINT AND CHARGE OF DISCRIMINATION

32. On December 15, 2014, Ms. McPherson filed a timely complaint with the U.S. Department of Housing and Urban Development ("HUD") alleging that Defendants discriminated against her and her grandchild on the basis of race. Ms. McPherson amended the complaint on January 6, 2015 to allege discrimination on the basis of familial status, and, on October 31, 2015, to name the trusts as Respondents and clarify the claims.

33. Pursuant to 42 U.S.C. §§ 3610(a) and (b), the Secretary of HUD conducted and completed an investigation of the complaint, attempted conciliation without success, and prepared a final investigative report. Based upon the information gathered in the investigation, the Secretary, pursuant to 42 U.S.C. § 3610(g)(1), determined that reasonable cause existed to believe that illegal discriminatory housing practices had occurred. Therefore, on December 22,

2016, the Secretary issued a Charge of Discrimination against Defendants on behalf of Ms. McPherson and her grandchild pursuant to 42 U.S.C. § 3610(g)(2)(A).

34. On January 10, 2017, Ms. McPherson timely elected to have her claims decided in federal court pursuant to 42 U.S.C. § 3612(a). The next day the Administrative Law Judge issued a Notice of Election to Proceed in United States Federal District Court and terminated the administrative proceeding.

35. Following the Notice of Election, the Secretary of HUD authorized the Attorney General to commence this civil action pursuant to 42 U.S.C. § 3612(o).

CLAIM PURSUANT TO 42 U.S.C. § 3612(o)

36. The allegations listed above are incorporated herein by reference.

37. By the actions described above, Defendants have engaged in the following discriminatory housing practices within the meaning of 42 U.S.C. § 3602(f) and 42 U.S.C. § 3602(k):

- a. Refused to rent, or otherwise made unavailable or denied, a dwelling because of familial status, in violation of 42 U.S.C. § 3604(a);
- b. Imposed different terms, conditions, or privileges for rental of a dwelling on the basis of familial status, in violation of 42 U.S.C. § 3604(b); and
- c. Made statements with respect to the rental of a dwelling that indicated a preference, limitation, or discrimination based on familial status, or an intention to make any such preference, limitation, or discrimination, in violation of 42 U.S.C. § 3604(c).

38. Ms. McPherson and her grandchild are “aggrieved persons” within the meaning of 42 U.S.C. § 3602(i) and have suffered damages as a result of Defendants’ discriminatory conduct.

39. Defendants' discriminatory conduct was intentional, willful, and/or taken in reckless disregard of the rights of others.

RELIEF REQUESTED

WHEREFORE, the United States requests that this Court enter an order that:

1. Declares that Defendants' discriminatory conduct, as described above, violates the Fair Housing Act, 42 U.S.C. §§ 3601 *et seq.*;

2. Enjoins Defendants, their agents, employees, successors, and all other persons in active concert or participation with any of them, from:

- a. Discriminating against any person on the basis of familial status in violation of the Fair Housing Act in any aspect of the rental of a dwelling;
- b. Failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, Ms. McPherson and her grandchild to the position they would have been in but for the discriminatory conduct; and
- c. Failing or refusing to take such affirmative steps as may be necessary to prevent the recurrence of any discriminatory conduct in the future and to eliminate, to the extent practicable, the effects of Defendants' unlawful practices; and

3. Awards monetary damages pursuant to 42 U.S.C. §§ 3612(o)(3) and 3613(c)(1) to Ms. McPherson and her grandchild.

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

JURY DEMAND

The United States demands a trial by jury of all issues so triable pursuant to Rule 38 of the Federal Rules of Civil Procedure.

REQUEST FOR PLACE OF TRIAL

The United States requests that the above-entitled case be placed on the docket for trial in Wichita, Kansas.

Dated: April 10, 2017

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