

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
CENTRAL DIVISION

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

NOV 18 2025

TAMMY H. DOWNS, CLERK
By: _____
DEP CLERK

UNITED STATES OF AMERICA,

Plaintiff,

v.

THOMAS RAY KELSO and AVATAR
INVESTMENTS, LLC,

Defendants.

Civil Action No. 4:25CV1206-KGB

**COMPLAINT AND
DEMAND FOR JURY TRIAL**

This case assigned to District Judge Baker
and to Magistrate Judge Harris

Plaintiff, the United States of America (the "United States"), alleges as follows:

1. For two decades, Defendant Thomas Ray Kelso ("Defendant Kelso") owned and/or managed an apartment complex in Searcy, Arkansas, where he sexually harassed female tenants. Defendant Kelso's harassment took many forms, but central to his scheme was conditioning the basic needs of a person's home—electricity, air conditioning, and laundry access—on female tenants acquiescing to his demands for sex or putting up with his repeated sexual comments and unwanted touching.

2. In January 2025, Defendant Kelso was sentenced to twenty years in federal prison following his conviction on charges of sex trafficking by force, fraud, or coercion and possession with intent to distribute methamphetamine. But this criminal conduct was only part of his unlawful actions that harmed female tenants at the apartment complex he owned and managed in Searcy, Arkansas.

3. The United States brings this action to enforce the provisions of Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §§ 3601–3619 (the "Fair Housing Act").

JURISDICTION AND VENUE

4. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. § 3614(a).

5. Venue is proper in this district under 28 U.S.C. § 1391(b) because the actions and omissions giving rise to the United States' claims occurred in the Eastern District of Arkansas.

DEFENDANTS AND SUBJECT PROPERTY

6. Defendant Kelso resides in Forrest City, Arkansas, where he is incarcerated at a Federal Correctional Institution.

7. Defendant Avatar Investments, LLC ("Avatar") is an Arkansas domestic limited liability company that does business in the Eastern District of Arkansas.

8. The Subject Property was formerly known as the Briarwood Apartments ("Briarwood"), located at 2103 West Beebe Capps Expressway, Searcy, Arkansas 72143, and is now known as West Towne Apartments.

9. At all times relevant to this complaint, the Subject Property has consisted of eight two-story structures with a total of 44 units.

10. The Subject Property, and the living units contained therein, are "[d]welling[s]" within the meaning of the Fair Housing Act, 42 U.S.C. § 3602(b).

11. At all times relevant to this action, Defendant Kelso or Avatar had an ownership interest in the Subject Property.

12. At all times relevant to this action, Defendant Kelso has been responsible for the overall management and operation of the Subject Property including, but not limited to, receiving tenant applications, accepting or rejecting prospective tenants, setting rates for rent and

security deposits, collecting rent, accepting requests for repairs, making repairs, and evicting tenants.

13. Beginning in or around December 2010, Avatar became the owner of the Subject Property. Defendant Kelso thereafter was retained to act, and acted, as Avatar's agent to manage the Subject Property. Kelso had and exercised the actual or apparent authority to receive tenant applications, to accept or reject prospective tenants, to set rates for rent, fees and security deposits, to collect rents and fees, to accept requests for and to make repairs in tenants' housing, to seek to evict tenants for the Subject Property, and to otherwise manage all aspects of the operation of the Subject Property.

DEFENDANTS' DISCRIMINATORY HOUSING PRACTICES

14. From approximately 2001 until 2023, Defendant Kelso subjected multiple female tenants of the Subject Property to discrimination on the basis of sex, including severe, pervasive, and unwelcome sexual harassment. Defendant Kelso's conduct included, but was not limited to, the following categories of sexual harassment:

- a. Offering to grant tangible housing benefits, such as not charging rent, to female tenants in exchange for sexual acts;
- b. Refusing to grant tangible housing benefits by cutting electricity or denying laundry access to female tenants who refused his sexual advances;
- c. Subjecting female tenants to unwelcome sexual touching, including touching them on, or between, their legs;
- d. Making unwelcome sexual comments and sexual advances to female tenants, including commenting on female tenants' bodies and inviting them to engage in sexual acts with him; and

- e. Taking adverse housing actions, such as initiating eviction actions or refusing to make repairs, or threatening to take such actions, against female tenants who objected to and/or refused sexual advances.

15. For example, in or around 2011, Defendant Kelso subjected a female tenant to repeated unwelcome and unwanted sexual comments, sexual propositions, and unwelcome sexual contact. When the tenant knocked on Defendant Kelso's apartment door to reload her laundry card, he regularly answered the door for her in his underwear. On at least one occasion he asked her, "will you fuck me? That's the only way you're getting money on your laundry card," or words to that effect. On another occasion, when she toured a larger unit at Briarwood, Defendant Kelso rubbed the tenant's lower back and shoulders without her consent and told her, "you can fuck me for this apartment and I'll give you free rent," or words to that effect. The tenant did not feel safe living at Defendant Kelso's apartment.

16. In another example, in or around 2020, Defendant Kelso subjected a female tenant to repeated comments about her body and physical appearance. He also indicated to her that he wanted to have sexual relations with her when he repeatedly asked her, in conversations and in text messages, to travel with him to nearby hotels to "drink and party." On one occasion, after he texted her the address of a hotel and she refused to go, he cut her electricity—which shut off her access to air conditioning in 102-degree heat and forced her to sleep in her car. The tenant moved out of her unit.

17. In another example, in or around 2022 to 2023, Defendant Kelso subjected a female tenant with young children to repeated unwelcome touching and demands for sexual contact. On one occasion when he collected her rent check while in Briarwood's parking lot, he asked her, "when are you going to let me come play with the girl next door," stared in between

her legs, grabbed her by the elbow and tried to force her into his truck. On another occasion when he came to address a maintenance issue in her unit, Defendant Kelso grabbed her breasts outside her clothing without her consent and indicated that he wanted to have sexual contact with her. On another occasion, when she dropped off her rent check, he grabbed her vagina outside her clothing against her will. On more than one occasion Defendant Kelso turned off her electricity. When she called him about the electricity he told her, “you know you can do something to turn the lights on?” or words to that effect, which she understood to mean sexual favors. These actions made the female tenant anxious and scared in her own home, and ultimately led her to move out.

18. From approximately 2022 to 2023, Defendant Kelso subjected a female tenant to repeated unwelcome and unwanted sexual comments and sexual propositions. On more than one occasion when he collected rent, Defendant Kelso told her that there were other ways to pay rent if she “would open her legs.” He also turned off her electricity multiple times and told her that she could “open your legs, get your electricity back.” This tenant felt vulnerable and trapped in her rental unit because she could not afford the expenses to move.

19. The experiences of the women described above in Paragraphs 15-18 were not the only instances of Defendant Kelso’s sexual harassment of female tenants. Rather, these instances were part of his longstanding pattern and practice of illegal sexual harassment of multiple female tenants from approximately 2001 to 2023.

20. Defendant Kelso’s conduct described in this complaint caused female tenants to suffer fear, anxiety, and emotional distress, and interfered with their ability to secure and maintain rental housing for themselves and their families.

21. Many of Defendant Kelso's discriminatory housing practices, including those described above in Paragraphs 15-18, occurred within the scope of his agency relationship with Avatar, and/or were aided by the existence of the agency relationship.

22. Avatar is vicariously liable for Defendant Kelso's conduct.

CAUSE OF ACTION

23. The United States realleges and incorporates by reference herein the allegations contained in Paragraphs 1 through 22 as if set forth here in full.

24. By the actions and statements described in the paragraphs above, Defendants have:

- a. Denied dwellings or otherwise made dwellings unavailable because of sex, in violation of 42 U.S.C. § 3604(a);
- b. Discriminated 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 42 U.S.C. § 3604(b); and
- c. Made statements with respect to the rental of dwellings that indicate a preference, limitation, or discrimination based on sex, in violation of 42 U.S.C. § 3604(c); and
- d. Coerced, intimidated, threatened, or interfered with persons in the exercise or enjoyment of, or on account of their having exercised or enjoyed, their rights granted or protected by the Fair Housing Act, in violation of 42 U.S.C. § 3617.

25. Under 42 U.S.C. § 3614(a), Defendants' conduct as described in the foregoing paragraphs constitutes:

- a. A pattern or practice of resistance to the full enjoyment of the rights granted by the Fair Housing Act, and
- b. A denial of rights granted by the Fair Housing Act to a group of persons, which denial raises an issue of general public importance.

26. Female tenants and persons associated with them have been injured by Defendants' discriminatory conduct. Such persons are aggrieved persons as defined in 42 U.S.C. § 3602(i) and have suffered damages as a result of Defendants' conduct.

27. Defendant Kelso's conduct was intentional, willful, or taken in reckless disregard of the rights of others.

PRAYER FOR RELIEF

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

- a. Declares that the Defendants' discriminatory practices violate the Fair Housing Act, as amended, 42 U.S.C. §§ 3601–3619;
- b. Enjoins the Defendants, their agents, employees, and successors, and all other persons in active concert or participation with them, from:
 - i. Discriminating on the basis of sex, including engaging in sexual harassment, in any aspect of the rental of a dwelling;
 - ii. Interfering with or threatening to take any action against any person engaged in the exercise or enjoyment of rights granted or protected by the Fair Housing Act;
 - iii. Failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, the aggrieved persons affected by the

Defendants' past unlawful practices to the position they would have been in but for the discriminatory conduct; and

- iv. Failing or refusing to take such affirmative steps as may be necessary to prevent the recurrence of any discriminatory conduct in the future;
- c. Awards monetary damages to each person aggrieved by the Defendants' discriminatory conduct, under 42 U.S.C. § 3614(d)(1)(B);
- d. Assesses civil penalties against the Defendants to vindicate the public interest, under 42 U.S.C. § 3614(d)(1)(C); and
- e. Awards such additional relief as the interests of justice may require.

Dated: November 18, 2025

Respectfully Submitted:

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