

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

INTEGRITY ASSET MANAGEMENT LLC,

Defendant.

CIVIL ACTION NO. 3:22-CV-00287

CONSENT ORDER

I. INTRODUCTION

1. This Consent Order resolves the allegations contained in the United States' Complaint that Integrity Asset Management LLC ("Defendant") violated the Servicemembers Civil Relief Act ("SCRA"), 50 U.S.C. §§ 3901-4043, when it: (a) imposed early termination charges on servicemembers who were exercising their federally protected right to terminate their residential leases upon receipt of qualifying military orders; and (b) denied early lease termination requests made by servicemembers who provided a notification, certification or verification from their commanding officer instead of official military orders.
2. Defendant is a domestic limited liability company registered in the State of Texas. Defendant manages approximately 55 multi-family apartment properties in and around El Paso, Texas.
3. In its Complaint, the United States alleges that Defendant had a policy of charging back rent concessions and discounts to servicemembers who were terminating their residential

leases early under Section 3955 of the SCRA, 50 U.S.C. § 3955, and also that Defendant imposed other termination penalties (such as insufficient notice fees or acceleration of rent) on servicemembers who were terminating their residential leases pursuant to Section 3955 the SCRA.

4. In addition, the United States' Complaint alleges that, on at least two occasions, Defendant refused to accept commanders' letters as official documentation in support of servicemembers' requests for early lease termination. *See* 50 U.S.C. § 3955(i)(1).
5. The parties agree that the Court has jurisdiction over the subject matter of this case pursuant to 28 U.S.C. § 1331, 28 U.S.C. § 1345 and 50 U.S.C. § 4041(a).
6. The parties agree that, to avoid costly and protracted litigation, the claims against Defendant should be resolved without further proceedings or an evidentiary hearing. Therefore, as indicated by the signatures appearing below, the United States and Defendant agree to the entry of this Consent Order.
7. The effective date of this Consent Order will be the date on which it is approved and entered by the Court.

Accordingly, the Court **ORDERS**:

II. PROHIBITED CONDUCT AND AFFIRMATIVE OBLIGATIONS

8. Defendant, its officers, employees, agents and representatives (including attorneys, contractors and vendors) will not impose or seek to collect any early termination charge, including but not limited to the required repayment of any lease incentive or discount, from a servicemember or a dependent of a servicemember who lawfully terminates a residential lease under 50 U.S.C. § 3955.

9. Defendant, its officers, employees, agents and representatives (including attorneys, contractors and vendors) will not deny early lease termination under the SCRA to servicemembers who provide a notification, certification or verification from their commanding officer instead of official military orders¹, as long as the servicemember otherwise qualifies for early lease termination under 50 U.S.C. § 3955.
10. Defendant, its officers, employees, agents and representatives (including attorneys, contractors and vendors) shall comply with the SCRA Policies and Procedures for Lease Terminations established in Part III of this Consent Order.

III. SCRA POLICIES AND PROCEDURES

11. Within sixty (60) calendar days of the effective date of this Consent Order, Defendant shall amend its SCRA Policies and Procedures for Lease Terminations in compliance with 50 U.S.C. § 3955. These amended policies and procedures must include the following provisions:
 - a. Defendant shall permit servicemembers to terminate residential leases upon their entry into military service or receipt of military orders (i) for a permanent change of station² or (ii) to deploy with a military unit, or as an individual in support of a military operation, for a period 90 days or more. A servicemember's termination of a lease shall terminate any obligation a servicemember's dependent may have under the lease;

¹ The term "military orders" in this Consent Order shall include any notification, certification, or verification from the servicemember's commanding officer, or other document prepared exclusively by a branch of the military or the Department of Defense demonstrating that the lessee is eligible for lease termination under 50 U.S.C. § 3955(b)(2).

² The term "permanent change of station" shall include separation or retirement from military service. 50 U.S.C. § 3955(i)(3).

- b. Defendant shall accept terminations upon delivery of written notice of termination and a copy of qualifying military orders to Defendant, its employees, agents or representatives. Delivery of the written notice and orders may be accomplished by hand delivery, private business carrier, U.S. mail, or electronic means reasonably calculated to ensure actual receipt of the communication by Defendant (including electronic mail, facsimile, text message or internet portal);
- c. Defendant shall not deny or rescind its approval of an SCRA early termination request by an otherwise qualified servicemember based on the servicemember's failure to pay outstanding amounts due and owing under the lease;
- d. Defendant shall treat any residential lease termination as effective no later than 30 days after the first date on which the next rental payment is due and payable after the date on which the notice was delivered. Any rent amounts that are unpaid for the period preceding the effective date of the lease termination must be, if applicable, prorated. Rents or lease amounts paid in advance for a period after the effective date of the termination of the lease shall be refunded to the lessee at the last known address of the lessee within 30 days of the effective date of termination;
- e. Defendant may not impose any early termination charge on a servicemember who terminates their lease based on receipt of qualifying military orders, including by requiring the servicemember to repay a rent concession or discount at termination;

- f. Defendant shall not initiate or pursue a waiver of any of the lease termination rights provided under 50 U.S.C. § 3955, nor shall it enforce any such waiver that has been previously executed; and
 - g. Defendant shall revise or amend its standard lease forms to ensure that all SCRA-related or early termination provisions comply with 50 U.S.C. § 3955.
12. No later than sixty (60) calendar days after the effective date of this Consent Order, Defendant shall provide a copy of its amended SCRA Policies and Procedures, along with any revised lease forms, as required under Paragraph 11 to counsel for the United States.³ The United States shall respond to Defendant's proposed SCRA Policies and Procedures and any revised lease forms within thirty (30) calendar days of receipt. If the United States objects to any part of Defendant's revised SCRA Policies and Procedures or revised lease forms, the parties shall confer to resolve their differences. Defendant shall begin the process of implementing the SCRA Policies and Procedures and revised lease forms within ten (10) calendar days of approval or non-objection by the United States.
13. If, at any time during the term of this Consent Order, Defendant proposes to materially change or amend its SCRA Policies and Procedures described herein, it shall first provide a copy of the proposed changes to counsel for the United States. If the United States does not deliver written objections to Defendant within thirty (30) calendar days of receiving

³ All materials required by this Consent Order to be sent to counsel for the United States shall be sent by email to counsel for the United States, as well as by commercial overnight delivery addressed to: Chief, Housing and Civil Enforcement Section, Civil Rights Division, U.S. Department of Justice, 4 Constitution Square, 150 M Street NE, Washington, DC 20002, Attn: DJ 216-76-9.

the proposed changes, the changes may be implemented. If the United States makes any objections to the proposed changes within the thirty (30) day period, the specific changes to which the United States objects shall not be implemented until the objections are resolved pursuant to the process described in Paragraph 12.

14. No later than thirty (30) calendar days after the effective date of this Consent Order, Defendant shall designate employees who have been specifically trained on the protections of the SCRA and who are responsible for the intake of and response to servicemembers' inquiries regarding the SCRA (the "designated employees"). Defendant shall ensure that it has a designated telephone number and electronic mail address at which servicemembers may reach a designated employee, who will address questions or concerns regarding the SCRA. Defendant shall also include a page or hyperlink on its website detailing eligibility for, and relief provided by, the SCRA, and providing the designated telephone number and electronic mail address to obtain SCRA relief, or raise questions or concerns regarding such relief. The placement, format, and content of the page shall be subject to the non-objection of the United States.

IV. TRAINING

15. Within sixty (60) calendar days of the United States' approval of the SCRA Policies and Procedures for Lease Terminations and revised lease forms pursuant to Paragraph 12, Defendant shall develop and provide to counsel for the United States proposed training materials related to compliance with the SCRA. The training shall include: (a) the requirements of the SCRA with respect to lease terminations; (b) Defendant's SCRA Policies and Procedures required pursuant to Paragraph 11; (c) the provisions of this Consent Order; and (d) the contact information for the employees described in Paragraph

14. Defendant shall provide to counsel for the United States the curriculum, instructions, and any written material included in the training. The United States shall have thirty (30) calendar days from receipt of these documents to raise any objections to Defendant's training materials, and, if it raises any, the parties shall confer to resolve their differences. In the event that the parties are unable to do so, either party may bring the dispute to this Court for resolution.
16. Within sixty (60) calendar days of the United States' approval of or non-objection to the SCRA compliance training pursuant to Paragraph 15, Defendant shall ensure that all employees involved in leasing operations and/or lease terminations have completed the SCRA compliance training.
17. During the term of this Consent Order, Defendant shall provide annual SCRA compliance training to all employees involved in leasing operations and/or lease terminations. Defendant shall also provide SCRA compliance training within thirty (30) calendar days of hiring to any new employee who will be involved in leasing operations and/or lease terminations.
18. Defendant shall secure a signed statement in the form attached as Exhibit A from each employee at the trainings required by Paragraphs 16 and 17 acknowledging that they have received, read, and understand the Consent Order and the SCRA Policies and Procedures, have had the opportunity to have their questions about these documents answered, and agree to abide by them. For the duration of this Consent Order, copies of those signed statements shall be provided to counsel for the United States upon request. Defendant shall also certify in writing to counsel for the United States, on at least an annual basis, that the covered employees successfully completed the trainings required by

Paragraphs 16 and 17. Any expenses associated with the trainings required by Paragraphs 16 and 17 shall be paid by Defendant.

V. COMPENSATION

19. The United States has determined that between October 1, 2016, and February 11, 2019, Defendant imposed early termination charges on at least seventeen (17) servicemembers who terminated their residential leases pursuant to the SCRA. The United States has previously provided Defendant with a list of these servicemembers and the amount of the early termination charges imposed on each of them. Defendant shall compensate each servicemember identified pursuant to this paragraph by providing: (1) a refund of any termination charge that the servicemember paid to the Defendant; and (2) an additional payment equal to two (2) times the termination fee charged by Defendant.
20. The United States has determined that between October 1, 2016, and February 11, 2019, Defendant improperly denied early lease termination requests made by at least two (2) servicemembers in violation of 50 U.S.C. § 3955. Defendant shall compensate each servicemember identified pursuant to this paragraph as follows:
 - a. The amount of any rent or other lease-related charges imposed on and paid by the servicemember-tenant for any period after the date that would have been the effective date of termination had Defendant approved the early lease termination request (i.e., 30 days after the date the next rental payment was due and payable following notice of termination);
 - b. Any early termination charges imposed on and paid by the servicemember-tenant after the servicemember-tenant provided notice of termination; and

- c. An additional payment of two times the sum of the charges described in subparagraphs (a) and (b) that Defendant imposed on the servicemember-tenant.

The United States has provided to Defendant the names of and amounts owed under this paragraph to the two (2) servicemembers whose early termination requests it believes were wrongfully denied.

- 21. In cases where Defendant has already taken remedial actions with respect to a lease termination, or the circumstances warrant other adjustments in compensation, the United States has considered such remedial actions or circumstances and adjusted the compensation awarded to the servicemember-tenant as appropriate.
- 22. Within ten (10) business days of the effective date of this Consent Order, Defendant shall deposit the sum of \$45,325.59 into a separate account for the purpose of compensating the servicemembers identified pursuant to Paragraphs 19 and 20. Title to the escrow account will be in the name of “Integrity Asset Management LLC for the benefit of aggrieved persons pursuant to Order of the Court in Civil Action No. [XXX].” Defendant will provide written verification of the deposit to counsel for the United States within ten (10) business days of the effective date of this Consent Order. Any taxes, costs, or other fees related to the escrow account shall be paid by Defendant.
- 23. Defendant shall conduct the settlement administration activities set forth in Paragraphs 24-31. Defendant shall bear all costs and expenses of settlement administration. Defendant shall work cooperatively with the United States in the conduct of its activities, including reporting regularly and providing all reasonably requested information to counsel the United States.

24. Defendant shall establish and maintain throughout the term of this Consent Order multiple cost-free means for affected servicemembers to contact Defendant, including an electronic mail address, a website, and a toll-free telephone number.
25. Defendant shall deliver payment to each servicemember identified in Paragraphs 19 and 20, except for those servicemembers currently residing in Oregon, in the amount specified by the United States within sixty (60) days of the effective date of this Consent Order. All compensation checks may include the phrase “Settlement in Full” in the memorandum section. All compensation checks shall be accompanied by a letter (the content of which is to be approved in advance by the United States) explaining that cashing or endorsing the check releases all claims related to the SCRA violations alleged in the complaint.
26. For any servicemembers currently residing in Oregon, Defendant shall send the servicemember a Release in the form attached as Exhibit B within forty-five (45) days of the effective date of this Consent Order. Within thirty (30) days of receiving a properly executed copy of the Release at Exhibit B, Defendant shall issue and mail a compensation check to the servicemember in the amount specified by the United States.
27. Defendant shall be required to “skip trace” and search the National Change of Address (NCOA) database to obtain each servicemember’s most recent mailing address prior to the initial mailing of any compensation check or Release. Defendant shall adopt effective methods, including conducting additional “skip tracing,” emailing, or placing telephone calls to non-responsive servicemembers, as requested by the United States, in order to contact, and obtain a response from, each identified servicemember.

28. Defendant shall skip trace and redeliver any payment that is returned as undeliverable or that is not deposited or cashed within three (3) months of the date that the compensation check is sent to the servicemember.
29. Every six (6) months for a period of four (4) years following the effective date of this Consent Order, Defendant shall provide counsel for the United States with an accounting of all releases received, checks issued (including copies of issued checks), and notifications without responses or that were returned as undeliverable. During the term of this Consent Order, Defendant shall, at the request of any servicemember entitled to compensation, reissue any check that is not cashed or deposited prior to its expiration.
30. Four (4) years after the effective date of this Consent Order, for each servicemember who has not been located and compensated, Defendants shall submit a property report and the unclaimed funds to the Texas Comptroller of Public Accounts to be administered in accordance with the State of Texas Unclaimed Property Program. Under this program, a servicemember who has been identified as an aggrieved person in this case will be able to file a signed claim form and photo identification with the Comptroller. Funds will remain with the Comptroller until they are claimed by the aggrieved servicemembers or otherwise finally distributed in accordance with state unclaimed property laws.
31. Defendant will not be entitled to a set-off, or any other reduction, of the amount of payments required under Paragraphs 19 and 20 because of any amounts owed by the recipient. Defendant will not refuse to make a payment based on any waiver or release of legal claims or arbitration agreement previously signed by any such recipient.
32. No individual may obtain review by the parties of the identifications made, and payments disbursed, pursuant to Paragraphs 19-31.

VI. OTHER RELIEF

33. Within sixty (60) calendar days of the effective date of this Consent Order, Defendant must deliver a written request to each of the three (3) major credit bureaus⁴ and any other database to which it reports to remove any negative entries resulting from Defendant's reports of or attempts to collect early termination charges or charges arising from the wrongful denial of a servicemember's lease termination request. Defendant shall also instruct any of its collection agents or attorneys who have engaged in credit reporting to deliver a written request to any of the three (3) major credit bureaus and any other database to which it has reported any of the 19 servicemembers' accounts to administratively remove any negative entries resulting from Defendant's reports of or attempts to collect early termination charges or other charges arising from a servicemember's lease termination.
34. Within sixty (60) days after completion of its obligations in Paragraph 33, Defendant shall provide counsel for the United States with an accounting of all written requests to remove negative entries delivered by the Defendant or its collection agents or attorneys.
35. Defendant shall not pursue, and must indemnify any aggrieved person against any third-party pursuit of, any outstanding balance or deficiency that is related to early termination charges or denials of termination requests that the United States alleges violated the SCRA, or that is related to the adjustments described in Paragraph 21.

VII. CIVIL PENALTY

36. Within sixty (60) calendar days of the effective date of this Consent Order, Defendant shall pay a total of SIXTY-TWO THOUSAND AND TWENTY-NINE DOLLARS

⁴ Equifax, Experian and TransUnion.

(\$62,029) to the United States Treasury as a civil penalty pursuant to 50 U.S.C. § 4041(b)(3) and 28 C.F.R. § 85.5 to vindicate the public interest. The payment shall be in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

VIII. ADDITIONAL REPORTING AND RECORD-KEEPING REQUIREMENTS

37. For the duration of this Consent Order, Defendant shall retain all records relating to its obligations hereunder, including all records relating to compliance activities as set forth herein. The United States shall have the right to review and copy any such records, including electronic data, upon reasonable request during the term of this Consent Order.
38. During the term of this Consent Order, Defendant shall notify counsel for the United States in writing within thirty (30) days of receipt of any SCRA or military-related complaint. Defendant shall provide a copy of any written complaints with the notifications. Whether regarding a written or oral SCRA complaint, the notification to the United States shall include the full details of the complaint, including the complainant's name, last-known address, last-known telephone number, and last-known email address. The Parties shall meet and confer to consider appropriate steps to address any concerns raised by the United States' review. If the Parties are unable to come to an agreement regarding such complaint, either party may bring the dispute to this Court for resolution.

IX. SCOPE OF CONSENT ORDER

39. The provisions of this Consent Order shall apply to Defendant and any of its subsidiaries, predecessors, or acquired companies. It shall also apply to the officers, employees, agents, attorneys, representatives, assigns, and all persons and entities in active concert or participation with any of those entities.

40. In the event that Defendant is acquired by or merges with another entity, Defendant shall, as a condition of such acquisition or merger, obtain the written agreement of the acquiring or surviving entity to be bound by any obligations remaining under this Consent Order for the remaining term of this Consent Order.
41. This Consent Order releases only the United States' claims against Defendant for violations of 50 U.S.C. § 3955 that are addressed in this Consent Order. This Consent Order does not release any other claims that may be held or are currently under investigation by the Department of Justice or any other federal agency.
42. Nothing in this Consent Order will excuse Defendant's compliance with any currently or subsequently effective provision of law or order of a regulator with authority over Defendant that imposes additional obligations on it.

X. TERMINATION OF LITIGATION HOLD

43. The Parties agree that, as of the effective date of this Consent Order, litigation is not "reasonably foreseeable" concerning the matters described above. To the extent that any party previously implemented a litigation hold to preserve documents, electronically stored information, or things related to the matters described above, the party is no longer required to maintain such litigation hold. Nothing in this Paragraph relieves any party of any other obligations imposed by this Consent Order.

XI. MODIFICATIONS, ATTORNEY'S FEES AND COSTS, AND REMEDIES FOR NON-COMPLIANCE

44. Any time limits for performance imposed by this Consent Order may be extended or reduced by the mutual written agreement of the parties.
45. The parties shall be responsible for their own attorney's fees and court costs, except as provided for in Paragraph 46.

46. The parties shall endeavor in good faith to resolve informally any differences regarding the interpretation of and compliance with this Consent Order prior to bringing such matters to the Court for resolution. However, in the event the United States contends that there has been a failure by Defendant, whether willful or otherwise, to perform in a timely manner any act required by this Consent Order or otherwise comply with any provision thereof, the United States may move the Court to impose any remedy authorized by law or equity, including, but not limited to, an order requiring the performance of such act or deeming such act to have been performed, and an award of any damages, costs, and attorney's fees which may have been occasioned by Defendant's violation or failure to perform.

XII. RETENTION OF JURISDICTION

47. The Court shall retain jurisdiction over all disputes between the parties arising out of the Consent Order, including but not limited to interpreting and enforcing the terms of the Consent Order.
48. This Consent Order shall be in effect for a period of four (4) years from its date of entry, after which time this case shall be dismissed with prejudice. The United States may move the Court to extend the duration of this Consent Order in the interests of justice.

So ORDERED and SIGNED this 2nd day of September 2022.



DAVID C. GUADERRAMA
UNITED STATES DISTRICT JUDGE

By their signatures below, the Parties consent to the entry of this Consent Order.

For the United States:

Dated: August 19, 2022

ASHLEY C. HOFF
United States Attorney

Jacquelyn M. Christilles

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For Integrity Asset Management LLC:

Dated: August 19, 2022

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EXHIBIT A

EMPLOYEE ACKNOWLEDGMENT

I acknowledge that on _____, 20__, I was provided training regarding Servicemembers Civil Relief Act (SCRA) compliance, the Consent Order entered in *United States v. Integrity Asset Management LLC*, Civil No. _____ (W.D. Tex.), and the SCRA Policies and Procedures that are applicable to my duties. I have read and understand these documents and have had my questions about these documents and the SCRA answered. I understand my legal responsibilities and shall comply with those responsibilities.

[PRINT NAME]

[SIGNATURE]

[JOB TITLE]

EXHIBIT B

RELEASE (for residents of Oregon)

In consideration for the parties' agreement to the terms of the Consent Order resolving the United States' allegations in *United States v. Integrity Asset Management LLC*, Civil No. _____ (W.D. Tex.) and payment to me of \$ [AMOUNT], I, [NAME], hereby release and forever discharge all claims, arising prior to the date of this Release, related to the facts at issue in the litigation referenced above that pertain to alleged violations of Section 3955 of the Servicemembers Civil Relief Act that I may have against Integrity Asset Management LLC and all related entities, parents, predecessors, subsidiaries, and affiliates and all of their past and present directors, officers, agents, managers, supervisors, shareholders, and employees and their heirs, executors, administrators, or assigns. I do not release any other claims that I may have under any other section of the Servicemembers Civil Relief Act.

Executed this _____ day of _____, 20__.

SIGNATURE: _____

PRINT NAME: _____

MAILING ADDRESS: _____

PHONE: _____

EMAIL: _____