

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

Case No. 19-CV-1087-TWR (WVG)

UNITED STATES OF AMERICA,
Plaintiff,

SYLENA SANDERS,
Plaintiff-Intervenor,

vs.

LARRY NELSON,
Defendant.

CONSENT ORDER

Presently before the Court is the Joint Motion for Entry of Consent Order (ECF No. 68), filed by all Parties. Good cause appearing, the Court **GRANTS** the Joint Motion for Entry of Consent Order as follows.

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I. INTRODUCTION

1 1. This action was filed by Plaintiff United States of America (“United
2 States”) on June 11, 2019 to enforce Title VIII of the Civil Rights Act of 1968, as
3 amended by the Fair Housing Amendments Act of 1988, 42 U.S.C. §§ 3601-3631 (“Fair
4 Housing Act” or “FHA”). The United States’ Complaint alleges that Mr. Nelson
5 engaged in a longstanding pattern or practice of violating the Fair Housing Act. *See*
6 *generally* Compl., ECF No. 1.

7
8 2. On December 16, 2019, Plaintiff-Intervenor Sylena Sanders filed her
9 Complaint in Intervention alleging violations of the Fair Housing Act and state law. *See*
10 ECF No. 20. Plaintiff United States, Plaintiff-Intervenor Sanders, and Defendant Larry
11 Nelson (“Mr. Nelson”) are collectively referred to as the “Parties.”

12 3. The United States’ Complaint alleges that, from at least 2005 through the
13 present, Mr. Nelson has subjected female tenants of residential rental properties that he
14 owned and managed to discrimination on the basis of sex, including severe, pervasive,
15 and unwelcome sexual harassment. Examples of such conduct include, but are not
16 limited to, the following:

- 17 a. Making unwelcome sexual advances to female tenants;
- 18 b. Making unwelcome, sexually explicit comments to, and in front of,
19 female tenants;
- 20 c. Asking or attempting to touch female tenants or touching female
21 tenants, including on intimate areas of their bodies, without their
22 consent;
- 23 d. Exposing his genitals to female tenants without their consent;
- 24 e. Peeping through bedroom windows of his female tenants;
- 25 f. Making unannounced visits to female tenants’ homes when he had
26 no legitimate reason to do so in order to conduct and further his
27 sexual advances;
- 28

- g. Entering or attempting to enter female tenants' homes without their consent;
- h. Demanding that female tenants not have male guests in their homes;
- i. Offering to grant female tenants tangible benefits—such as continued tenancy, waived or reduced rent, or excused late or unpaid rent—in exchange for sexual favors; and
- j. Retaliating against female tenants for refusing his advances by taking adverse housing actions, such as evicting them or threatening to evict them.

4. The United States alleges that female tenants of properties Mr. Nelson owned and managed were injured by Mr. Nelson's alleged discriminatory conduct. The United States identified thirteen (13) women as "aggrieved persons," including Plaintiff-Intervenor Sylena Sanders, who suffered damages as a result of Mr. Nelson's conduct and on whose behalf it would seek relief at trial. 42 U.S.C. § 3602(i).

5. In his Answer to the Complaint and the Complaint in Intervention, Mr. Nelson denied that he violated the Fair Housing Act or any other federal or state statute and asserted numerous defenses.

6. This court has jurisdiction over this action under 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. § 3614(a).

7. The Parties agree that to avoid the delay, inconvenience, uncertainty, and significant expense of protracted litigation and trial, they will fully resolve all claims and causes of action arising out of the United States' and Ms. Sanders' claims against Mr. Nelson through this Consent Order. Mr. Nelson denies any liability, wrongdoing, or improper actions. The United States and Ms. Sanders maintain that their claims are well-founded. The court has not made any determination on the merits of the case.

1 **Accordingly, it is hereby ADJUDGED, ORDERED, and DECREED as**
 2 **follows:**

3 **II. GENERAL INJUNCTION**

4 8. Mr. Nelson, his agents, employees, transferees, successors, heirs and
 5 assigns, and all other persons or entities in active concert or participation with him, are
 6 enjoined, with respect to the rental of dwellings,¹ from:

- 7 a. Refusing to rent or sell a dwelling, refusing or failing to provide or
 8 offer information about a dwelling, refusing to negotiate for the rental
 9 or sale of a dwelling, or otherwise making unavailable or denying a
 10 dwelling to any person because of sex;
- 11 b. Discriminating against any person in the terms, conditions, or
 12 privileges of the rental of a dwelling, or in the provision of services
 13 or facilities in connection therewith, because of sex;
- 14 c. Making any statement, oral or written, in connection with the rental
 15 or sale of a dwelling, that expresses or indicates any preference,
 16 limitation, or discrimination, or an intent to make any such
 17 preference, limitation, or discrimination, on the basis of sex; or
- 18 d. Coercing, intimidating, threatening, or interfering with any persons in
 19 the exercise or enjoyment of, or on account of their having exercised
 20 or enjoyed, or on account of their having aided or encouraged any
 21 other person in the exercise or enjoyment of, any right granted or
 22 protected by the Fair Housing Act, including by retaliating against
 23 any persons exercising their rights under this Consent Order.

24
 25
 26 ¹ The term “dwellings” has the meaning defined in the FHA, 42 U.S.C. §3602(b),
 27 which states: “any building, structure, or portion thereof which is occupied as, or
 28 designed or intended for occupancy as, a residence by one or more families, and any
 vacant land which is offered for sale or lease for the construction or location thereon of
 any such building, structure, or portion thereof.”

1 **III. PROHIBITION AGAINST PROPERTY MANAGEMENT**

2 9. Mr. Nelson is permanently enjoined from directly or indirectly performing
3 any Property Management Responsibilities² at any Subject Property³ or any other
4 residential rental property.

5 10. Mr. Nelson shall not enter the premises of any dwelling unit, occupied or
6 unoccupied, at any Subject Property except in an emergency,⁴ except for the dwelling
7 unit in which he resides at the Grand Avenue property or any other dwelling unit in
8 which he resides if he moves from the Grand Avenue property. At every Subject
9 Property, except for the Grand Avenue property during the time period that Mr. Nelson
10 resides there, or another property if Mr. Nelson moves from the Grand Avenue Property,
11 this prohibition extends to and includes, but is not limited to, entry into any laundry
12 room, yard, parking area, sidewalk, or other communal area.

13 **IV. INDEPENDENT MANAGER**

14 11. Mr. Nelson shall enter into an agreement with an individual, individuals, or
15 entity with at least three (3) years' full-time experience in managing rental properties and
16 who has no current or past employment, financial, contractual, personal, or familial
17 relationship with Mr. Nelson to manage all aspects of the rental and management of each
18 Subject Property, including but not limited to the Grand Avenue Property. The
19 designation of that person (the "Independent Manager") shall be approved, as stated

21 ² "Property Management Responsibilities" means showing or renting housing
22 units; processing rental applications; choosing contractors to make repairs; performing or
23 supervising repairs or maintenance; determining tenant eligibility for subsidies or
24 waivers of fees and rents; determining whom to rent to, whom to evict, and/or whose
25 lease to renew or not renew; inspecting dwelling units; collecting rent and fees; entering
rental units; overseeing any aspects of the rental process; handling mail, or engaging in
any other property-related activities that involve, or may involve, personal contact with
tenants or prospective tenants.

26 ³ "Subject Property" or "Subject Properties" means any residential rental property
27 Mr. Nelson owns or comes to own, in full or in part, including but not limited to the
property at which he currently resides at 832 Grand Avenue, Spring Valley, California.

28 ⁴ An emergency is an event that necessitates calling 9-1-1 involving a fire, medical
emergency, flood or other natural disaster involving imminent danger to a person.

1 below, by the United States. Within twenty (20) calendar days after the date of entry of
2 this Consent Order, Mr. Nelson shall identify a proposed Independent Manager and
3 provide counsel of record for the United States by email relevant information about his
4 or her professional background and his or her contact information. The United States
5 will have twenty (20) calendar days following Mr. Nelson's identification of a proposed
6 Independent Manager to notify Mr. Nelson whether the Independent Manager has been
7 approved or disapproved. If notice of approval or disapproval is not provided within
8 twenty (20) calendar days, the United States will be deemed to have approved Mr.
9 Nelson's selection of the proposed Independent Manager. If the United States does not
10 approve the proposed Independent Manager, Mr. Nelson will have fifteen (15) days from
11 such notification to identify an alternate Independent Manager. This process will
12 continue until an Independent Manager is approved by the United States and, within five
13 (5) calendar days thereafter, is retained by Mr. Nelson. If the parties cannot reach
14 agreement on an Independent Manager, any party may seek the Court's assistance.

15 12. Within forty-five (45) calendar days of the date of entry of this Consent
16 Order, the Parties shall file a joint report with the Court confirming that Mr. Nelson
17 engaged an Independent Manager approved by the United States, or otherwise reporting
18 on the status of Mr. Nelson's identification and hiring of an Independent Manager.

19 13. If after retaining the Independent Manager Mr. Nelson wishes to change the
20 Independent Manager, Mr. Nelson may do so, provided that any subsequent Independent
21 Manager must also be approved by the United States, as stated above, and agrees to
22 comply with the requirements in this Consent Order.

23 14. Only the Independent Manager shall have responsibility or authority for the
24 Property Management Responsibilities as defined in footnote 2 above. Mr. Nelson may
25 make recommendations to the Independent Manager on Property Management
26 Responsibilities,⁵ but ultimate decision-making responsibility or authority shall lie only

27 ⁵ Mr. Nelson may not, however, make recommendations about: whom to rent to,
28 rental increases or fee assessments during the tenancy of any particular tenant, or whom
to commence eviction proceedings against and when.

1 with the Independent Manager.

2 15. Except as stated below, within forty-five (45) days of the United States'
3 approval of Mr. Nelson's selection of an Independent Manager, the Independent
4 Manager and any employee or agent working with or for the Independent Manager with
5 direct involvement in showing, renting or managing any dwelling unit at any Subject
6 Property shall attend live training, whether in-person or virtual, on the Fair Housing Act
7 of at least three (3) hours, including discrimination on the basis of sex and sexual
8 harassment. If, despite good faith efforts of the Independent Manager, such training
9 cannot reasonably be completed within thirty (30) days, Mr. Nelson will contact counsel
10 for the United States to seek an extension of this time, agreement to which will not be
11 unreasonably withheld. The training shall be conducted by an independent, qualified
12 third party, reasonably approved in advance by the United States, and any expenses
13 associated with this training shall be borne by Mr. Nelson. Mr. Nelson shall obtain from
14 the trainer or Independent Manager certifications of attendance, executed by each
15 individual who received the training, confirming their attendance. This confirmation
16 shall include the name of the course, the name of the instructor, the date the course was
17 taken, and the length of the course and/or time within which the course was completed.
18 At a minimum, the training required shall consist of instruction on the requirements of
19 applicable federal and state housing discrimination laws, including sexual harassment.
20 Any Independent Property Manager, or staff, who has taken such a course within one
21 year of the date of execution of any contract with Mr. Nelson for management of a
22 Subject Property may submit the course materials and a certification of attendance to
23 counsel of record for the United States, which may at its reasonable discretion agree to
24 exempt the individual(s) from the course identified above.

25 16. Mr. Nelson shall ensure that the Independent Manager:

- 26 a. Posts one "Equal Housing Opportunity" sign in any rental office, and
27 at each Subject Property, which indicates that all dwellings are
28 available for rent on a nondiscriminatory basis. At minimum, an 11-

1 inch by 14-inch poster that comports with 24 C.F.R. Part 110 will
 2 satisfy this requirement. Such poster will be placed in a prominent,
 3 well-lit location where it is easily readable. The sign must be posted
 4 in English and in Spanish. Defendants may use HUD Form 928,
 5 available in English at:

6 <https://portal.hud.gov/hudportal/documents/huddoc?id=928.1.pdf>.

7 HUD Form 928 is also available in Spanish at:

8 [https://www.hud.gov/sites/documents/FHEOPOSTER928SPANISH.](https://www.hud.gov/sites/documents/FHEOPOSTER928SPANISH.PDF)
 9 PDF;

- 10 b. Requires that all advertising, including online, print, radio, television
 11 or other media, signs, pamphlets, brochures and other promotional
 12 literature be in compliance with HUD advertising guidelines,
 13 available on the HUD website,
 14 [https://www.hud.gov/sites/dfiles/FHEO/documents/BBE%20Part%20](https://www.hud.gov/sites/dfiles/FHEO/documents/BBE%20Part%20109%20Fair%20Housing%20Advertising.pdf)
 15 [109%20Fair%20Housing%20Advertising.pdf](https://www.hud.gov/sites/dfiles/FHEO/documents/BBE%20Part%20109%20Fair%20Housing%20Advertising.pdf);
- 16 c. Ensures that any and all employees who will be performing regular
 17 duties at or directly concerning the Subject Properties are familiar
 18 with the requirements of the Fair Housing Act, particularly as they
 19 pertain to sex discrimination and sexual harassment;
- 20 d. Provides to the United States notification and documentation of any
 21 written or oral complaint against Mr. Nelson, or Mr. Nelson's agents
 22 or employees, regarding alleged discrimination in housing within
 23 fifteen (15) calendar days of receipt of the complaint.⁶ The

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 25 ⁶ All documents or other communications required by this Consent Order to be
 26 sent to the United States shall be sent by commercial (non-USPS) overnight or two-day
 27 delivery service addressed as follows: Chief, Housing and Civil Enforcement Section,
 28 Civil Rights Division, United States Department of Justice, 150 M Street NW,
 Washington, D.C. 20530, Attn: DJ 175-12-111, or as otherwise reasonably directed in
 writing by the United States. A courtesy copy may also be emailed.

(footnote cont'd on next page)

notification shall include the complainant's name, address, and telephone number, if available; the details of the complaint; and a copy of the complaint itself, if the complaint was made in writing.

- e. Provides the United States all information it may reasonably request concerning any such complaint described in subsection d, above, within 15 days of the United States' request, and provides the United States with the details of any resolution of any such complaint within 15 days of the resolution.
- f. Takes reasonable steps to ensure that the Nondiscrimination Policy and Complaint Procedure required by Section V of this Consent Order is implemented and followed;
- g. Provides a copy of the Nondiscrimination Policy and Complaint Procedure to every current and future tenant of every Subject Property; and
- h. Provides any information reasonably related to compliance with the explicit terms of this Consent Order, including Mr. Nelson's compliance with the injunction on violating the FHA, that is requested by the United States.

V. NONDISCRIMINATION POLICY AND COMPLAINT PROCEDURE

17. Mr. Nelson must implement, through the Independent Manager, a written policy against housing discrimination, and specifically sexual harassment, and a formal complaint procedure ("Nondiscrimination Policy and Complaint Procedure").

18. Within thirty (30) days after the employment of an Independent Property Manager, Mr. Nelson, through the Independent Property Manager, shall propose to the United States a Nondiscrimination Policy and Complaint Procedure. The United States will have twenty (20) calendar days following the submission of the proposed

Any document or other information required to be emailed to counsel for the United States shall be sent to Aurora Bryant and Leslie Gardner at the addresses below, unless otherwise reasonably directed in writing by the United States.

1 Nondiscrimination Policy and Complaint Procedure to notify Mr. Nelson whether it has
 2 been reasonably approved or disapproved. If notice of approval or disapproval is not
 3 provided within twenty (20) calendar days, the United States will be deemed to have
 4 approved the Nondiscrimination Policy and Complaint Procedure. If the United States
 5 does not reasonably approve the proposed Nondiscrimination Policy and Complaint
 6 Procedure, Mr. Nelson will have fifteen (15) calendar days from such notification to
 7 submit a revised proposed Nondiscrimination Policy and Complaint Procedure. This
 8 process will continue until a Nondiscrimination Policy and Complaint Procedure is
 9 approved by the United States. If the Parties cannot reach an agreement any party may
 10 request assistance from the court.

11 19. Within fifteen (15) calendar days of the United States' reasonable approval
 12 of the Nondiscrimination Policy and Complaint Procedure, Mr. Nelson shall cause the
 13 Independent Manager to implement the Nondiscrimination Policy and Complaint
 14 Procedure.

15 20. The Independent Manager shall distribute the Nondiscrimination Policy and
 16 Complaint Procedure to all agents or employees who have direct responsibility for
 17 showing, renting, or managing any and all of the Subject Properties. The Independent
 18 Manager shall secure a signed statement from each such agent or employee
 19 acknowledging that he or she has received and read the Nondiscrimination Policy and
 20 Complaint Procedure, has had the opportunity to have questions about the
 21 Nondiscrimination Policy and Complaint Procedure answered, and agrees to comply
 22 with the Nondiscrimination Policy and Complaint Procedure. This Employee
 23 Acknowledgement Statement shall be in the form of Appendix B.

24 **VI. PROHIBITION ON CONTACT WITH AGGRIEVED PERSONS**

25 21. Mr. Nelson is permanently enjoined from purposefully or knowingly
 26 contacting or communicating⁷ directly, or indirectly, with any of the thirteen (13)

27 ⁷ Contact or communication is physical contact, verbal contact, telephone calls, e-
 28 mails, faxes, written communications, social media messages, text or instant messages,
 contacts through social media, or other communications made through third parties.

1 aggrieved persons identified by the United States in this action, including Ms. Sanders,
 2 and any person whom Defendant Nelson knows or believes to be a family member of
 3 any of those aggrieved persons. Counsel for Mr. Nelson does not violate the Consent
 4 Order by contacting any aggrieved person identified by the United States in this case and
 5 any person Mr. Nelson knows or believes to be a family member of an aggrieved person,
 6 provided counsel reasonably believes that the person to be contacted may have
 7 information relevant to any issue relating only to the defense of any future civil or
 8 criminal case in which Mr. Nelson is a defendant. Before initiating such contact, counsel
 9 must provide written notice to counsel for the United States.

10 **VII. ACQUISITION OR TRANSFER OF INTEREST IN RESIDENTIAL** 11 **RENTAL PROPERTIES**

12 22. If, at any time during the term of this Consent Order, Mr. Nelson acquires a
 13 direct or indirect management, ownership, financial, or controlling interest in any
 14 residential rental property other than 832 Grand Avenue, such property will also be
 15 subject to the applicable provisions of this Consent Order. Within fifteen (15) calendar
 16 days of acquiring such an interest, Mr. Nelson will notify counsel for the United States
 17 of the nature of his interest in the property, the address of the property, and the number
 18 of individual dwelling units at the property. Within thirty (30) days of acquiring such
 19 interest, Mr. Nelson will further provide the United States with a copy of the Grant Deed
 20 or similar instrument, evidencing his ownership interest in such property.

21 23. If, prior to the effective date or at any time during the term of this Consent
 22 Order, Mr. Nelson sells or transfers a Subject Property to a bona fide, third-party
 23 purchaser in an arms-length transaction, such property will cease to be subject to this
 24 Consent Order.⁸ Regardless of any transfer of interest in all or part of the Subject

25 ⁸ For purposes of this Consent Order, a “bona fide, independent third-party
 26 purchaser” is one with whom Mr. Nelson has no current financial, contractual, or
 27 personal relationship within the last three (3) calendar years, or is not related to the
 28 second degree. An “arms-length transaction” is one that has been arrived at in the
 marketplace between independent, non-affiliated persons, unrelated to the second degree
(footnote cont'd on next page)

1 Properties, Defendant shall remain liable for obligations under Sections II, III, VI, VII,
2 IX, X, XI of this Consent Order.

3 24. If, at any time during the effective period of this Consent Order, Mr. Nelson
4 claims that his obligations under this Consent Order have been terminated or changed
5 because he sold or transferred one or more residential rental properties to a bona fide,
6 third-party purchaser in an arms-length transaction, Mr. Nelson will inform the United
7 States within thirty (30) calendar days of such transaction and provide the date of the
8 sale or transfer, a copy of the Grant Deed or similar instrument memorializing the sale or
9 transfer, and reasonable contact information for the subsequent purchaser.

10 25. If any transfer of interest in all or a portion of any residential rental property
11 by Mr. Nelson is not an arms-length transaction, Mr. Nelson will remain liable for any
12 violation of this Consent Order in connection with that property.

13 **VIII. REPORTING AND RECORD KEEPING**

14 26. Within ninety (90) calendar days of the date of entry of this Consent Order,
15 and every six (6) months thereafter for the term of this Consent Order, Mr. Nelson shall
16 cause the Independent Manager to send the United States:

- 17 a. A list of the Subject Properties, including the street address, the number of
18 rental units at each property, and a description of Mr. Nelson's interest in the
19 property;
- 20 b. A list of all tenants at the Subject Properties and their telephone numbers;
- 21 c. Confirmation that the Nondiscrimination Policy and Complaint Procedure have
22 been implemented and are in effect;
- 23 d. Confirmation that the Nondiscrimination Policy and Complaint Procedure have
24 been distributed to every tenant of each Subject Property;

25
26 with opposing economic interests regarding that transaction. A corporation or entity of
27 which Mr. Nelson, or any person related to him is an officer, partner, employee, or agent,
28 or in which Mr. Nelson has a 50% or greater ownership, partnership or similar financial
interest, is not a "bona fide, independent third-party purchaser," and any transaction
involving such a purchaser will not qualify as an "arms-length transaction."

- e. A statement or declaration, signed by Mr. Nelson under penalty of perjury, that he has not engaged in any Property Management Responsibilities at the Subject Properties since the date of the entry of this Consent Order;
- f. Photographs of each office or location in which rental activity is conducted showing the “Equal Housing Opportunity” signs required by paragraph 16(a) this Consent Order;
- g. Copies of all signed Employee Acknowledgement Statements, pursuant to paragraph 20 of this Consent Order;
- h. Copies of rental applications and leases for dwellings at the Subject Properties;
- i. Copies of all fair housing training certifications, pursuant to paragraph 15 of this Consent Order; and
- j. Notification of any purchase, inheritance, acquisition, sale, transfer, disposition, or other change in Mr. Nelson’s ownership or management interest in any of the Subject Properties, including the identity of the purchaser(s) to whom the interest is being transferred.

If there have been no changes, including rental applications submitted or residential leases entered into since the prior report, then the next subsequent report may consist of a statement that there have been no changes since the date of the prior report, the written verification required by sub-section (e) above, and the photographs required by sub-section (f) above.

The final report due under this paragraph shall be delivered to the United States sixty (60) calendar days prior to the expiration of this Consent Order.

27. Mr. Nelson shall ensure that the Property Manager preserves the records confirming compliance with his obligations under this Consent Order. Upon fourteen (14) calendar days’ written notice to counsel for Mr. Nelson, or to Mr. Nelson if he becomes unrepresented by counsel, representatives of the United States shall be permitted, at its sole expense, to reasonably inspect and copy such records at a reasonable date and time.

1 **IX. COMPENSATION OF AGGRIEVED PERSONS AND CIVIL PENALTY**

2 28. Defendant agrees that entry of this Consent Order constitutes the entry of a
3 civil judgment against him in the total amount of FIVE HUNDRED EIGHTY
4 THOUSAND dollars (\$580,000) (“Judgment”).

5 29. Of the five hundred eighty thousand dollar (\$580,000) Judgment, five
6 hundred fifty-five (\$555,000) is a debt for the alleged willful and malicious injury of the
7 aggrieved persons. Defendant agrees that this debt is not dischargeable in bankruptcy.
8 Defendant shall not seek to discharge any part of this debt in bankruptcy.

9 30. Of the five hundred eighty thousand dollar (\$580,000) Judgment, three
10 hundred fifty thousand dollars (\$350,000) is suspended, subject to the provisions in
11 Section X below.

12 31. Of the five hundred eighty thousand dollar (\$580,000) Judgment, two
13 hundred five thousand dollars (\$205,000) is payable as monetary damages to collectively
14 compensate the thirteen identified aggrieved persons, including Ms. Sanders.

15 32. Within three (3) business days after entry of the Consent Order,⁹ Mr.
16 Nelson shall issue or cause to be issued cashier’s checks, made out to the names and in
17 the amounts provided by the United States, and deliver the checks to counsel for the
18 United States. The aggregate of all such checks will be \$205,000. Only once the United
19 States has obtained a signed release in the form of Appendix A and a social security
20 number or tax identification number from each person who will receive a check pursuant
21 to the preceding paragraph shall that person’s check be provided to her. The United
22 States will provide a copy of each person’s signed release and social security number or
23 tax identification number to counsel for Mr. Nelson prior to distributing that person’s
24 check. In the event any of the \$205,000 is not paid to the aggrieved persons for any
25 reason, including because an aggrieved person does not sign a release, the United States

26
27 ⁹ If Mr. Nelson has not received a requested distribution from a source known to
28 the United States by the deadline set forth in this paragraph, those deadlines may be
reasonably extended by agreement of counsel for Mr. Nelson and the United States. Mr.
Nelson agrees to keep counsel for the United States apprised of the status of his
distribution.

1 will reallocate the unpaid monies, and Mr. Nelson shall issue or cause to be issued
2 cashier's checks payable to the names and in the amounts provided by the United States.

3 33. Of the five hundred eighty thousand dollar (\$580,000) Judgment, twenty-
4 five thousand dollars (\$25,000) is a civil penalty payable to the United States pursuant to
5 42 U.S.C. § 3614(d)(1)(C). The payment will be split into seven annual payments and
6 will be made in the form of electronic fund transfers in accordance with written
7 instructions to be provided by the United States, which will be provided annually at least
8 thirty (30) days prior to the deadline for each payment. The civil penalty does not bear
9 interest and may be prepaid by Mr. Nelson at any time, in his sole discretion, and upon
10 his obtaining updated written payment instructions from the United States.

11 Notwithstanding the provisions in Section XI, the United States may move this Court to
12 enforce the terms of this Order or for other remedies, in the event that Mr. Nelson does
13 not timely pay the amounts due in this paragraph.

14 34. Within one (1) business day of the entry of this Consent Order, Mr. Nelson
15 will pay \$3,574 to the United States Treasury toward satisfaction of the total \$25,000 set
16 forth in the preceding paragraph. Within one (1) year of the entry of this Consent Order,
17 Defendant will pay \$3,571 to the United States Treasury toward satisfaction of the total
18 \$25,000 set forth in the preceding paragraph. Within two (2) years of the entry of this
19 Consent Order, Defendant will pay \$3,571 to the United States Treasury toward
20 satisfaction of the total \$25,000 set forth in the preceding paragraph. Within three (3)
21 years of the entry of this Consent Order, Defendant will pay another \$3,571 to the United
22 States Treasury toward satisfaction of the total \$25,000 set forth in the preceding
23 paragraph. Within four (4) years of the entry of this Consent Order, Defendant will pay
24 another \$3,571 to the United States Treasury toward satisfaction of the total \$25,000 set
25 forth in the preceding paragraph. Within five (5) years of the entry of this Consent
26 Order, Defendant will pay another \$3,571 to the United States Treasury toward
27 satisfaction of the total \$25,000 set forth in the preceding paragraph. Within six (6)
28 years of the entry of this Consent Order, Defendant will pay another \$3,571 to the United

1 States Treasury toward satisfaction of the total \$25,000 set forth in the preceding
2 paragraph.

3 35. Without admission of liability, the civil penalty required under paragraphs
4 33 and 34 above constitutes a debt for a fine, penalty, or forfeiture payable to and for the
5 benefit of the United States within the meaning of 11 U.S.C. § 523(a)(7) and is not
6 compensation for actual pecuniary loss. Defendant agrees that the twenty-five thousand
7 dollar (\$25,000) civil penalty referenced in paragraphs 33 and 34 above is not
8 dischargeable in bankruptcy. Defendant shall not seek to discharge any part of this debt
9 in bankruptcy.

10 36. Within thirty (30) calendar days of the entry of this Consent Order, Mr.
11 Nelson will execute and reasonably cooperate in the completion and filing of any and all
12 necessary documents to vacate unlawful detainer and related small claims judgments
13 provided by the United States in writing. Mr. Nelson shall execute and reasonably
14 cooperate in the filing of any and all motions, affidavits, stipulations, or other filings that
15 may be required. The cooperation required by this paragraph includes any necessary
16 court appearance(s) in San Diego County Superior Court. The reasonable cooperation
17 required by this paragraph also includes the written notification to Equifax, Experian,
18 and TransUnion that the judgments have been vacated.

19 **X. SUSPENDED JUDGMENT**

20 37. Mr. Nelson has provided financial disclosure statements and declarations,
21 under penalty of perjury, dated March 22, 2021, as modified and supplemented (each a
22 “Financial Declaration” and collectively the “Financial Declarations”), and financial
23 supporting documents (“Supporting Documents”), and the Parties have entered into a
24 Stipulation regarding Mr. Nelson’s financial position (“Stipulation”) (the Financial
25 Declarations, Supporting Documents, and Stipulation are collectively referred to as
26 “Financial Disclosure Documents”). The United States agrees not to object to Mr.
27 Nelson’s designation of the Financial Disclosure Documents as Confidential pursuant to
28 the Protective Order in place in this case, *see* ECF No. 9, should Mr. Nelson seek to

1 apply that designation pursuant to the terms of the Protective Order.

2 38. The United States has relied on the accuracy and completeness of the
3 Financial Disclosure Documents in entering into this Consent Order. Mr. Nelson
4 warrants that the Financial Disclosure Documents are thorough, accurate, and complete.
5 Mr. Nelson further warrants that he does not own or have an interest in any asset(s) that
6 has not been disclosed in the Financial Disclosure Documents, and that he has not made
7 any misrepresentations on, or in connection with, the Financial Disclosure Documents
8 that would affect the value of any individual asset or liability in an amount greater than
9 \$1,000.

10 39. In light of Mr. Nelson's representations in connection with the Financial
11 Disclosure Documents, three hundred fifty thousand dollars (\$350,000) of the Judgment
12 imposed by paragraph 28 will be suspended ("Suspended Judgment"), except as
13 otherwise provided by paragraph 41 below. The United States will not seek to enforce
14 the Suspended Judgment against assets accurately identified in the Financial Disclosure
15 Documents. The following categories of assets are not covered by this paragraph and
16 will be available to satisfy the Suspended Judgment: (a) assets owned in whole or in part
17 by Mr. Nelson on the date he executed a particular Financial Declaration, if those assets
18 were not disclosed in the Financial Disclosure Documents and the collective value of
19 those assets is greater than \$1,000; (b) assets owned in whole or in part by Mr. Nelson
20 on the date he executed a particular Financial Declaration, the value of which is
21 misrepresented in the Financial Disclosure Documents by more than \$1,000; (c) assets
22 valued at greater than \$1,000 that Mr. Nelson acquired after the date he executed a
23 particular Financial Declaration, using funds or other assets he owned in whole or in
24 part prior to that date but did not disclose in the Financial Disclosure Documents, or the
25 value of which is misrepresented in the Financial Disclosure Documents by more than
26 \$1,000; or (d) assets valued at greater than \$1,000 resulting from liabilities claimed by
27 Mr. Nelson on the date he executed a particular Financial Declaration for which Mr.
28 Nelson is later paid or reimbursed by others (including an insurer on Mr. Nelson's

1 behalf).

2 40. Upon discovery of an asset owned by Mr. Nelson, or in which Mr. Nelson
3 has an interest, that was not disclosed in the Financial Disclosure Documents, or a
4 misrepresentation by Mr. Nelson on the Financial Disclosure Documents, the United
5 States may apply to the Court for an order to enforce the Judgment in paragraph 30
6 above. The United States may act to collect all or part of the amount of the Suspended
7 Judgment, including by conducting discovery designed to identify and locate assets not
8 identified on the Financial Disclosure Documents. Assets obtained through this process
9 shall be allocated among the aggrieved persons at the discretion of the United States.

10 41. On April 15, 2021, counsel for Mr. Nelson disclosed that Mr. Nelson had, at
11 some point within the past two months, received an approximately \$30,000 payment
12 from the State of California, Franchise Tax Board, stated to be a refund pertaining to tax
13 year 2019, to which he may or may not be entitled. Within ten (10) weeks of the date of
14 the entry of this Consent Order, Mr. Nelson must either (a) provide reasonable proof that
15 the money was not properly payable and accordingly was returned to its source, or (b)
16 issue or cause to be issued cashier's checks to the 13 aggrieved persons, including Ms.
17 Sanders, made out to the names and in the amounts provided by the United States, and
18 deliver the checks to counsel for the United States. The money may not be applied to
19 taxes owed for any future year, including, but not limited to, tax years 2020 and
20 2021. Within three (3) business days of receiving a response from the Franchise Tax
21 Board, Mr. Nelson shall notify the United States and provide a copy of that response. If
22 payment is due under this paragraph, the United States shall provide written payment
23 instructions within ten (10) calendar days of receiving the notification required by the
24 preceding sentence. The aggregate of the checks payable under this paragraph will be
25 \$30,000, and these payments shall be in addition to those outlined in paragraphs 31 and
26 32, above. If Mr. Nelson makes the \$30,000 payment provided for in this paragraph, the
27 suspended judgment shall be reduced from \$350,000 to \$320,000 upon receipt of the
28 checks by counsel for the United States.

XI. SCOPE AND DURATION OF CONSENT ORDER

42. This Consent Order is effective immediately upon its entry by the Court.

43. Unless otherwise specified, the provisions of this Consent Order shall remain in effect for three (3) years after the date of its entry.

44. This Consent Order settles claims brought by the United States and Ms. Sanders that are contested and denied by Mr. Nelson. Neither this Consent Order, nor the payment of any money by Mr. Nelson, or anyone else, will be construed as an admission of liability by Mr. Nelson to the United States, Ms. Sanders, or anyone else. By entering into this Consent Order or performing any actions thereunder, Mr. Nelson does not admit that he has violated the FHA or any other federal or state statute or that he has discriminated against anyone.

45. By consenting to entry of this Consent Order, the United States and Mr. Nelson further agree that in the event Mr. Nelson engages in any future violation(s) of the Fair Housing Act, such violation(s) shall constitute a “subsequent violation” pursuant to 42 U.S.C. § 3614(d)(1)(C)(ii).

46. The Court shall retain jurisdiction for the term of this Consent Order to enforce its terms for three (3) years after the date of entry. The United States may move the Court, for good cause, to extend the duration of the Consent Order in the event of noncompliance, whether intentional or not, with any of its terms. Mr. Nelson reserves his right to challenge any request to continue this Consent Order beyond its stated term.

47. The United States may take reasonable steps to monitor Mr. Nelson’s compliance with this Consent Order and the Fair Housing Act, including but not limited to conducting fair housing tests at any location(s) in which Mr. Nelson’s employees or agents conduct rental activities. Fair housing testing refers to the use of individuals who, without any bona fide intent to rent a home, apartment, or other dwelling, pose as prospective renters for the purpose of gathering information.

48. The Parties shall endeavor in good faith to resolve informally any differences regarding interpretation of and compliance with this Consent Order prior to

1 bringing such matters to the Court for resolution. However, in the event the United
2 States contends that there has been a failure by Mr. Nelson, whether willful or otherwise,
3 to perform in a timely manner any act required by this Consent Order or otherwise to act
4 in conformance with any provision thereof, the United States may move this Court to
5 impose any remedy authorized by law or equity, including, but not limited to, an order
6 requiring performance of such act or deeming such act to have been performed, and an
7 award of any damages, costs, and reasonable attorneys' fees that may have been
8 occasioned by the violation or failure to perform. Mr. Nelson reserves his right to
9 oppose such actions.

10 49. Failure of the United States to insist upon strict performance of any
11 provision of this Consent Order shall not be deemed a waiver of the United States' rights
12 or remedies or a waiver by the United States of any default by Mr. Nelson in
13 performance or compliance with any terms of this Consent Order.

14 50. If Mr. Nelson violates any of the provisions of this Consent Order, the
15 United States may seek any and all available remedies for those violations, including
16 instituting a civil contempt proceeding.

17 51. Any time limits for performance imposed by this Consent Order may be
18 extended by mutual written agreement of the Parties. Any other material modifications to
19 the provisions of this Consent Order must be approved by the Court.

20 52. Each signatory hereto warrants that he or she is competent and possesses
21 the full and complete authority to covenant to this Consent Order on behalf of himself,
22 herself, or the party that he or she represents.

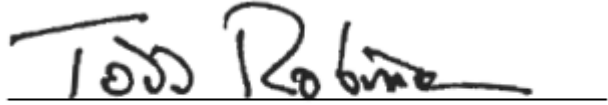
23 53. The United States, Ms. Sanders, and Mr. Nelson will bear their own costs,
24 expenses, and attorneys' fees associated with this litigation.

25 54. The Parties agree that, as of the effective date of this Consent Order,
26 litigation is not "reasonably foreseeable" concerning the matters described in this
27 Consent Order. To the extent that any party has previously implemented a litigation hold
28 to preserve documents, electronically-stored information, or things related to the matters

1 described above, that party is no longer required to maintain such litigation hold.
2 Nothing in this paragraph relieves any party of any other obligations under this Consent
3 Order, including, inter alia, Mr. Nelson's obligation to preserve documents under
4 Sections IV and VIII above.

5 **IT IS SO ORDERED.**

6 Dated: June 3, 2021

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8 Honorable Todd W. Robinson
9 United States District Judge
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APPENDIX A
Release of Claims

In consideration for and contingent upon the payment to me of \$_____, under the Consent Order entered into in *United States v. Larry Nelson*, No. 19-cv-1087 (S.D. Cal.), I hereby release and forever discharge Larry Nelson, his agents and representatives from any and all claims, legal or equitable, pursuant to federal, California, or common law, known or unknown, that I have or may have had against him, or his agents or representatives, arising out of the facts and circumstances alleged in the Complaint as of the effective date of the Consent Order.

I acknowledge and agree that I am familiar with and agree to waive my rights under California Civil Code section 1542 in connection with any claim against Larry Nelson, his agents and representatives, which states that a “general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.” I hereby represent that I have not transferred any right or claim that I may have against Larry Nelson, or his agents or representatives, to any other person.

I hereby acknowledge that I have read and understand this release and have executed it voluntarily and with full knowledge of its legal consequences.

Executed this _____, 2021.

Signature

Print Name

APPENDIX B
Employee Acknowledgement Form

I affirm that I, _____, received a copy of and read the Nondiscrimination Policy and Complaint Procedure adopted for 832 Grand Ave., Spring Valley, CA and any other real property owned by Larry Nelson. I further affirm that I have had the opportunity to ask questions about the Nondiscrimination Policy and Complaint Procedure, and agree that any questions have been answered to my satisfaction. I agree to abide by the Nondiscrimination Policy and Complaint Procedure.

Signature

Print Name

Job Title/Position

Date