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11 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
12 **IN AND FOR THE COUNTY OF MARICOPA**

13 THE STATE OF ARIZONA *ex rel.* TERRY
14 GODDARD, the Attorney General, and THE
15 CIVIL RIGHTS DIVISION OF THE
16 ARIZONA DEPARTMENT OF LAW,

17 Plaintiff,

18 vs.

19 STANISLAWA BARBARA OGORSALY, an
20 unmarried woman; REMODELERS LTD; W.
21 JUNE LAMB and JOHN DOE LAMB, wife and
22 husband; WWKK, L.L.C., an Arizona limited
23 liability company, d/b/a KELLER WILLIAMS,
24 PROFESSIONAL PARTNERS,

25 Defendants.

No.

COMPLAINT
(Non-Classified Civil)

26 Plaintiff, the State of Arizona ex rel. Terry Goddard, the Attorney General, and the
Civil Rights Division of the Arizona Department of Law (collectively "the State"), for its
Complaint, alleges as follows:

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INTRODUCTION

9 This is an action brought under the Arizona Fair Housing Act (“AFHA”), A.R.S. §§
10 41-1491 to 41-1491.37, to correct a discriminatory housing practice, provide appropriate
11 relief to aggrieved persons, and vindicate the public interest. Specifically, the State brings
12 this matter to redress the injury sustained when Defendants and/or their agents made
13 discriminatory statements, refused to rent after receiving a bona fide offer, or otherwise made
14 a townhouse unavailable to applicants Herman Green, Jr. and Velvie C. Green based on race.

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JURISDICTION AND VENUE

1. This court has jurisdiction of this matter pursuant to A.R.S. § 41-1491.34(A).

2. Venue is proper in Maricopa County pursuant to A.R.S. § 12-401(17).

PARTIES

3. The Civil Rights Division of the Arizona Department of Law is an administrative
agency established by A.R.S. § 41-1401 to enforce the provisions of the Arizona Civil Rights
Act (“ACRA”), A.R.S. §§ 41-1401 to 41-1493.02, including the AFHA.

4. The State brings this action on its own behalf and on behalf of Herman Green, Jr.
and Dr. Velvie C. Green (collectively “the Greens”), who are complainants and aggrieved
persons within the meaning of A.R.S. § 41-1491(1).

5. Defendant Stanislaw Barbara Ogorsaly (“Ogorsaly”) is an unmarried woman
residing in Maricopa County, Arizona.

6. Defendant Remodelers Ltd. is and, at all relevant times, has been the record
owner of that certain residential real property located at 18650 N. 91st Ave. #601, in Peoria,
Arizona (“the townhouse”). Upon information and belief, Defendant Remodelers Ltd. is
neither incorporated nor registered to do business in the State of Arizona. Upon information
and belief, Defendant Remodelers Ltd. is wholly owned and/or controlled by Defendant
Ogorsaly.

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7. Defendant WWKK, L.L.C. (“WWKK”) is an Arizona limited liability company doing business under the name of Keller Williams, Professional Partners (“Keller Williams”).

8. Defendant W. June Lamb (“Lamb”) is an Arizona licensed real estate salesperson. At all relevant times, Lamb served as an agent or employee of Defendant WWKK in the sale or rental of residential real estate. Upon information and belief, Lamb performed all relevant actions for and in furtherance of her marital community with Defendant John Doe Lamb. Plaintiff intends to amend the complaint when the true name of Defendant John Doe Lamb is known.

GENERAL ALLEGATIONS

9. At all relevant times, Ogorsaly has resided in the unit next to and has shared a common wall with the townhouse.

10. On or about January 2006, Ogorsaly began retaining the services of licensed Arizona real estate salespersons for the purpose of renting the townhouse. On or about May 6, 2006, Ogorsaly entered into an agreement with Lamb of Keller Williams to obtain real estate services to rent the townhouse. On or about May 6, 2006, Lamb listed the townhouse on the Multiple Listing Service ("MLS"). The MLS indicated that the townhouse was available for rent at the monthly rate of \$1,100.

11. In May 2006, Dr. Velvie Green accepted the position of President of Glendale Community College (“GCC”). In the summer of 2006, the Greens needed to find housing in Arizona and relocate from Michigan to Arizona so that Dr. Green would be ready to start her new position on or about July 24, 2006.

12. On or about Friday, June 23, 2006, the Greens came to Arizona to look for rental housing with their real estate agent, Brian Bird (“Bird”). Bird took the Greens, who are African American, to see several residential rental properties listed on the MLS, including the townhouse. After touring the townhouse twice that day, the Greens decided to make an offer to rent the townhouse.

1 13. On or about June 23, 2006, Bird telephoned Lamb to advise that his clients would
2 be making an offer to rent the townhouse. On that day, Bird also faxed Lamb a written offer
3 from the Greens for rental of the townhouse at the full rental rate listed on the MLS. Bird, who
4 had served on GCC's search committee to locate its new president, included in his fax a letter
5 of reference for Dr. Velvie Green concerning her new position as GCC's President, together
6 with the Green's \$500 deposit check.

7 14. On or about the morning of Saturday, June 24, 2006, Lamb met with Ogorsaly to
8 review the Greens' full price rental offer. Ogorsaly asked Lamb if the Greens were Black, and
9 stated that she did not want to rent the townhouse to Black people. Ogorsaly commented that
10 Black people were smelly and dirty, and that renting to them would require her to repaint the
11 townhouse sooner than seven years. Ogorsaly also said she was concerned about what her
12 neighbors would think if she rented to Black people.

13 15. Although the Greens' offer was the first rental offer that Ogorsaly had received
14 on the townhouse after approximately six months on the market, Ogorsaly refused to accept the
15 Greens' full price rental offer. Instead, Ogorsaly changed the Greens' offer to increase the
16 rental rate by an additional \$140 per month for HOA fees, and then signed the revised offer.

17 16. After Lamb met with Ogorsaly, Lamb met with Bird on or about June 24, 2006
18 and asked Bird if the Greens were Black. Lamb also told Bird that she was asking that question
19 because Ogorsaly did not want to rent to Black people.

20 17. In response, Bird told Lamb that she was asking him an illegal question, and that
21 he would not answer it. Lamb told Bird that she knew that it was an illegal question, but was
22 asking it because Ogorsaly wanted to know if the Greens were Black. Bird took the revised
23 offer from Lamb and left the meeting.

24 18. On or about June 24, 2006, Bird and Herman Green each advised Lamb that the
25 Greens had agreed to pay the additional rent requested in Ogorsaly's revised offer. During the
26 course of negotiations on or about June 24, 2006, Lamb learned that the Greens are African

1 American.

2 19. Later on or about June 24, 2006, Lamb called Bird to advise that Ogorsaly now
3 wanted to run a credit check on the Greens, and wanted the Greens to pay for it. Bird then met
4 Lamb at a restaurant and provided her with the Greens' social security numbers, a \$40 check
5 from the Greens for the credit check, and the telephone number of a major credit reporting
6 agency.

7 20. Thereafter, on or about June 24, 2006, Lamb delivered the Greens' check and
8 their social security numbers to Ogorsaly for a credit check.

9 21. On or about June 24, 2006, Lamb and Bird each separately contacted Lamb's real
10 estate broker at Keller Williams, Pamela Burt ("Burt"), regarding the Greens. Bird informed
11 Burt of the possibility that the Greens would file a housing discrimination complaint on
12 Monday, June 26, 2006.

13 22. On or about the evening of June 25, 2006, Wayne LeBlanc of Keller Williams
14 instructed Lamb on how to protect herself and Keller Williams from a possible housing
15 discrimination complaint from the Greens. In particular, LeBlanc advised Lamb to sever her
16 relationship for real estate services with Ogorsaly immediately, terminate the MLS listings for
17 the townhouse and other properties, send a certified letter to Orgosaly to terminate the
18 agreement to provide real estate services, and file a housing discrimination claim against
19 Ogorsaly.

20 23. On or about June 25, 2006, Lamb met with Ogorsaly to terminate the MLS for the
21 townhouse and other real property. On or about June 26, 2006, Lamb mailed Ogorsaly a
22 certified letter dated June 25, 2006, terminating the agreement for Lamb and Keller Williams to
23 provide real estate services to Ogorsaly because Ogorsaly "refused to rent her home to an
24 individual because of the color of their skin." Lamb did not immediately notify Bird or the
25 Greens that Lamb had terminated the listing for the townhouse or her real estate representation
26 of Ogorsaly.

1 24. On or about June 26, 2006, Ogorsaly contacted Bird to request additional
2 information to enable her to run a credit check on the Greens, including their addresses and
3 places of employment. Later that day, Ogorsaly called Bird to request copies of the Greens'
4 drivers' licenses and social security cards for the purpose of running a criminal background
5 check on the Greens.

6 25. On or about June 26, 2006, Bird faxed a letter to Lamb to advise her of the direct
7 contacts that he had received from Ogorsaly and Ogorsaly's friend, and to provide Lamb with
8 the information that Ogorsaly had requested to run credit and criminal background checks on
9 the Greens.

10 26. On or about June 27, 2006, Lamb informed Bird that, upon instructions from
11 Keller Williams, she had terminated the listing for the townhouse and no longer represented
12 Ogorsaly.

13 27. Thereafter, Ogorsaly did not rent the townhouse to the Greens, and the Greens
14 were forced to pay more to rent a house that was not as conveniently located as the townhouse.

15 28. On or about August 28, 2006, the Greens filed a timely complaint of housing
16 discrimination with the State's Civil Rights Division pursuant to A.R.S. § 41-1491.22(C), in
17 which they alleged that they had been the victims of race discrimination by Defendants.

18 29. The State's Civil Rights Division investigated the Greens complaint pursuant to
19 A.R.S. § 41-1491.24(B). At the conclusion of the State's investigation, the State issued a
20 finding ("the Cause Finding") that reasonable cause exists to believe that Defendants
21 discriminated against the Greens based on race, in violation of the AFHA.

22 30. The State issued a Reasonable Cause Finding Determination on November 29,
23 2006. Since that time, the Greens and the Defendants have not entered into a conciliation
24 agreement. Having exhausted administrative requirements, the State is authorized to file this
25 Complaint pursuant to A.R.S. §§ 41-1491.29(D) and 41-1491.34(A).

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COUNT ONE

[Discrimination in Violation of A.R.S. § 41-1491.14(A) of AFHA]

31. Plaintiff realleges and incorporates by reference the allegations contained in paragraphs 1 through 30 of this Complaint.

32. The townhouse is a dwelling within the meaning of A.R.S. § 41-1491(7) of the AFHA.

33. On or about June 23, 2006, the Greens made a bona fide offer to rent the townhouse.

34. Under A.R.S. § 41-1491.14(A) of AFHA, a person may not refuse to rent a dwelling after a bona fide offer has been made, or refuse to negotiate for the sale of a dwelling, or otherwise make unavailable or deny a dwelling to any person because of race or color.

35. Defendants refused to rent the townhouse to the Greens after a bona fide offer was made, otherwise made the townhouse unavailable, or denied the townhouse to the Greens because of the Green's race or color, in violation of A.R.S. § 41-1491.14(A) of AFHA.

36. As a result of discrimination by Defendants Ogorsaly and Lamb, the Greens suffered emotional distress, humiliation, embarrassment, inconvenience, denial of civil rights, and monetary damages.

37. Defendants Remodelers Ltd. and WWKK dba Keller Williams have a nondelegable duty not to discriminate in violation of AFHA, and are responsible for the discriminatory conduct of their respective agents, Ogorsaly and Lamb.

38. Punitive damages are appropriate because Defendants intentionally discriminated against the Greens because of their race or color and/or Defendants acted with callous disregard of or reckless indifference to the Greens' civil rights.

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COUNT TWO

[Discrimination in Violation of A.R.S. § 41-1491.14(B) of AFHA]

39. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1 through 38 of this Complaint.

40. Under A.R.S. § 41-1491.14(B) of AFHA, a person may not discriminate against any person in the terms, conditions or privileges of rental of a dwelling because of race or color.

41. Defendants discriminated against the Greens because of race or color by charging them a higher rate to rent the townhouse than they offered to charge others, in violation of A.R.S. § 41-1491.14(B).

42. Defendants discriminated against the Greens because of race or color by imposing credit and criminal background qualification requirements and fees to rent the townhouse which they did not impose on others, in violation of A.R.S. § 41-1491.14(B).

43. As a result of discrimination by Defendants Ogorsaly and Lamb, the Greens suffered emotional distress, humiliation, embarrassment, inconvenience, denial of civil rights, and monetary damages.

44. Defendants Remodelers Ltd. and WWKK dba Keller Williams have a nondelegable duty not to discriminate in violation of AFHA, and are responsible for the discriminatory conduct of their respective agents, Ogorsaly and Lamb.

45. Punitive damages are appropriate because Defendants intentionally discriminated against the Greens because of their race or color and/or Defendants acted with callous disregard of or reckless indifference to the Greens' civil rights.

COUNT THREE

[Discrimination in Violation of A.R.S. § 41-1491.15 of AFHA]

46. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1 through 45 of this Complaint.

47. Under A.R.S. § 41-1491.15 of AFHA, a person may not make a statement with respect to the rental of a dwelling that indicates any preference, limitation or discrimination based on race or color, or an intention to make such a preference, limitation or discrimination.

48. On or about June 24, 2006, Defendant Ogorsaly made a statement to Defendant Lamb indicating that Defendant Ogorsaly would not rent the townhouse to Black people, and would not rent to the Greens if they were Black.

49. On or about June 24, 2006, Defendant Lamb made statements to Bird inquiring about the Greens' color, indicating that Defendant Ogorsaly did not want to rent the townhouse to Black people, and indicating that Defendant Ogorsaly would not rent the townhouse to the Greens if they were Black. Defendants Ogorsaly and Lamb made the statements in violation of A.R.S. § 41-1491.15 of AFHA.

50. As a result of discrimination by Defendants Ogorsaly and Lamb, the Greens suffered emotional distress, humiliation, embarrassment, inconvenience, denial of civil rights, and monetary damages.

51. Defendants Remodelers Ltd. and WWKK dba Keller Williams have a nondelegable duty not to discriminate in violation of AFHA, and are responsible for the discriminatory conduct of their respective agents, Ogorsaly and Lamb.

52. Punitive damages are appropriate because Defendants intentionally discriminated against the Greens because of their race or color and/or Defendants acted with callous disregard of or reckless indifference to the Greens' civil rights.

COUNT FOUR

[Discrimination in Violation of A.R.S. § 41-1491.20 of AFHA]

53. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1 through 52 of this Complaint.

54. Defendants Lamb and WWKK dba Keller Williams are persons whose business includes engaging in residential real estate related transactions within the meaning of A.R.S. §

1 41-1491.20(B)(2).

2 55. Under A.R.S. § 41-1491.20 of AFHA, it is unlawful for a person whose business
3 includes engaging in residential real estate related transactions to discriminate against a person
4 in making a real estate related transaction available or in the terms or conditions of a real estate
5 related transaction because of race or color.

6 56. Defendant Lamb discriminated against the Greens in making a real estate related
7 transaction available or in the terms or conditions of a real estate related transaction because of
8 the Greens' race or color.

9 57. Defendant WWKK dba Keller Williams has a nondelegable duty not to
10 discriminate in violation of AFHA, and is responsible for the discriminatory conduct of its
11 agent, Defendant Lamb.

12 58. Punitive damages are appropriate because Defendant Lamb intentionally
13 discriminated against the Greens because of their race or color and/or Defendant Lamb acted
14 with callous disregard of or reckless indifference to the Greens' civil rights.

15 **COUNT FIVE**

16 **[Discrimination in Violation of A.R.S. § 41-1491.18 of AFHA]**

17 59. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1
18 through 58 of this Complaint.

19 60. Under A.R.S. § 41-1491.18 of AFHA, a person may not coerce, intimidate,
20 threaten or interfere with any person in the exercise or enjoyment of any right granted or
21 protected by A.R.S. § 41-1491.18 and A.R.S. §§ 41-1491.14, 41-1491.15 or 41-1491.20..

22 61. Defendants interfered with the Greens' exercise and enjoyment of their right to
23 rent the townhouse without discrimination on the basis of race or color, in violation of A.R.S.
24 §§ 41-1491.14, 41-1491.15, 41-1491.18, and 41-1491.20.

25 62. As a result of discrimination by Defendants Ogorsaly and Lamb, the Greens
26 suffered emotional distress, humiliation, embarrassment, inconvenience, denial of civil rights,

1 and monetary damages.

2 63. Defendants Remodelers Ltd. and WWKK dba Keller Williams have a
3 nondelegable duty not to discriminate in violation of AFHA, and are responsible for the
4 discriminatory conduct of their respective agents, Ogorsaly and Lamb.

5 64. Punitive damages are appropriate because Defendants intentionally discriminated
6 against the Greens because of their race or color and/or Defendants acted with callous disregard
7 of or reckless indifference to the Greens' civil rights.

8 **COUNT SIX**

9 **[Practice of Discrimination in Violation of A.R.S. § 41-1491.35, AFHA]**

10 65. Plaintiff realleges and incorporates by reference the allegations of paragraphs 1
11 through 64 of this Complaint.

12 66. Plaintiff has reasonable cause to believe that Defendants denied the Greens the
13 right, under A.R.S. §§ 41-1491.14, 41.1491.15, 41-1491.18, and 41-1491.20 of the AFHA, to
14 rent the townhouse without discrimination because of the Greens' race or color.

15 67. The denial of the Greens' right not to be subjected to discrimination in the rental
16 of a dwelling based on race or color, raises an issue of general public importance under A.R.S.
17 § 41-1491.35 of the AFHA.

18 68. Additionally, the discriminatory statements of Defendants Ogorsaly and Lamb
19 and their related changes in terms and conditions, delay in processing, and failure to approve
20 the Greens' rental application demonstrate that Defendants engaged in a pattern or practice of
21 resistance to the full enjoyment of the right of the Greens and others not to be discriminated
22 against in the rental of a dwelling because of race or color.

23 69. Defendants Remodelers Ltd. and WWKK dba Keller Williams have a
24 nondelegable duty not to discriminate in violation of the AFHA, and are responsible for the
25 discriminatory conduct of their respective agents, Ogorsaly and Lamb.

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1 70. To vindicate the public interest, imposition of a civil penalty against Defendants
2 of up to \$50,000 for a first violation and up to \$100,000 for a subsequent violation is
3 appropriate under A.R.S. § 41-1491.35 of the AFHA.

4 WHEREFORE, the State requests that this Court:

5 A. Enter judgment on behalf of the State, finding that Defendants unlawfully
6 discriminated against the Greens because of their race or color, in violation of AFHA;

7 B. Enjoin Defendants, their successors, assigns and all persons in active concert or
8 participation with Defendants from engaging in any housing practice that discriminates based
9 on race or color or interferes with the exercise of rights granted by AFHA, as allowed by
10 A.R.S. § 41-1491.34(C);

11 C. Assess a statutory civil penalty against Defendants to vindicate the public interest
12 in an amount that does not exceed fifty thousand dollars (\$50,000) for the first violation or one
13 hundred thousand dollars (\$100,000) for a second or subsequent violation, pursuant to A.R.S. §
14 41-1491.35(B)(3);

15 D. Order Defendants to make the Greens whole for any damage they suffered and
16 award them damages in an amount to be determined at trial;

17 E. Award punitive damages against Defendants for their intentional discrimination
18 based on race and color and/or their callous disregard or reckless indifference to the Greens'
19 civil rights;

20 F. Order the State to monitor Defendants' compliance with AFHA;

21 G. Award the State its costs incurred in bringing this action, and its costs in
22 monitoring Defendants' future compliance with AFHA, as allowed by A.R.S. §§ 41-1491.34(C)
23 and 41-1491.35(B)(2);

24 H. Award the State its reasonable attorneys fees, as allowed by § 41-1491.35(B)(2);
25 and

26 I. Grant such other and further relief as this Court may deem just and proper in the

1 public interest.

2 DATED this _____ day of December, 2006.

3
4 TERRY GODDARD
5 Attorney General

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7 By _____
8 Sandra R. Kane
9 Assistant Attorney General
10 Civil Rights Division
11 1275 W. Washington Street
12 Phoenix, Arizona 85007

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