

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA,)	
)	
)	
Plaintiff,)	
)	
v.)	
)	
DOUGLAS S. WATERBURY,)	COMPLAINT
CAROL A. WATERBURY,)	5:18-CV-440[DNH/TWD]
E&A MANAGEMENT CO., and)	
ONTARIO REALTY, INCORPORATED,)	
)	
Defendants.)	

COMPLAINT

The United States of America alleges as follows:

1. The United States brings this action to enforce the provisions of Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §§ 3601, *et seq.* (“Fair Housing Act”).

JURISDICTION AND VENUE

2. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331, 1345, 2201, and 2202, and 42 U.S.C. § 3614(a).

3. Venue is proper in this district under 28 U.S.C. § 1391(b) because the actions and omissions giving rise to the United States’ allegations occurred in the Northern District of New York, and the Defendants reside or do business in the Northern District of New York.

FACTUAL ALLEGATIONS

4. Defendant Douglas S. Waterbury is a resident of Oswego, New York. Defendant Douglas Waterbury personally owns and manages residential properties that are located in and around Oswego, New York.

5. Since at least 1990, Defendant Douglas Waterbury has advertised, leased, and rented residential properties located in and around Oswego, New York.

6. Waterbury, along with the other named Defendants, currently owns or manages approximately fifty residential properties in the Oswego area. These properties are “dwellings” within the meaning of 42 U.S.C. § 3602(b).

7. Defendant Carol A. Waterbury, the wife of Defendant Douglas Waterbury, is a resident of Oswego, New York.

8. Defendant Carol Waterbury personally owns or manages residential properties located in and around Oswego, New York.

9. Defendant E&A Management Co. (“E&A Management”) is a real estate or property management company that owns or manages properties in the Oswego area and conducts business in New York.

10. Defendant E&A Management is, and at times relevant to this action was, listed as the landlord or owner on leases that Defendants Douglas and Carol Waterbury have entered into with tenants in the Oswego area.

11. Defendant E&A Management acts primarily through Defendants Douglas and Carol Waterbury.

12. Defendant Ontario Realty, Incorporated (“Ontario Realty”), at times relevant to this action, was a New York domestic business corporation. Defendant Douglas Waterbury served as Chief Executive Officer, Principal Executive Officer, and/or a principal agent of Ontario Realty. Ontario Realty was dissolved by proclamation on or about October 26, 2016.

13. Defendant Ontario Realty is, or at times relevant to this action was, a real estate or property management entity that has owned or managed properties located in the Oswego area.

14. Defendant Ontario Realty is, or at times relevant to this action was, listed as landlord or owner on residential property leases for properties located in and around Oswego, New York.

15. During times relevant to this action, Defendant Ontario Realty processed credit payments for residential real estate properties owned or managed, in whole or in part, by Defendants Douglas Waterbury, Carol Waterbury, or E&A Management.

16. Defendants Douglas and Carol Waterbury are owners, officers, partners, and/or agents of a residential real estate rental and management business conducted, at relevant times, in the name of or through Defendants E&A Management and Ontario Realty.

17. Defendants Douglas and Carol Waterbury have intentionally entered into and operated this residential property rental and management business partnership, conducted through Defendants E&A Management and Ontario Realty, and through other means.

18. Defendants Douglas and Carol Waterbury have jointly controlled and managed their residential property rental and management business partnership, including Defendants E&A Management and Ontario Realty, by, for example, advertising units for rent, showing units to prospective tenants, signing rental leases, interacting with tenants, collecting rent from tenants, and processing credit and rental payments.

19. Defendants Douglas and Carol Waterbury have each performed the activities described in paragraph 18, and they have done so in the name of Defendants E&A Management and Ontario Realty, and at times relevant to this action.

20. By undertaking the actions described in paragraph 18, Defendants Douglas and Carol Waterbury have contributed their own property, resources, effort, skill, and knowledge to

their residential property rental and management business partnership and to the other Defendants.

21. Defendants Douglas and Carol Waterbury have each shared in the profits and losses of their joint residential property rental and management business partnership, including the profits and losses of the business of Defendants E&A Management and Ontario Realty.

22. As an owner, officer, partner, and/or principal agent of E&A Management and the joint residential property rental and management business partnership, Defendant Carol Waterbury has expressly or implicitly granted Defendant Douglas Waterbury authority to act on her behalf at times relevant to this action.

23. The Defendants' residential rental properties are "dwellings" within the meaning of 42 U.S.C. § 3602(b).

24. Since approximately 1990 through the present, Defendant Douglas Waterbury has subjected female prospective and actual tenants of the Defendants' residential rental properties to discrimination on the basis of sex, including severe, pervasive, and unwelcome sexual harassment, on multiple occasions. Such conduct has included, but is not limited to:

- a. Demanding that female prospective tenants engage in, or pressuring them to engage in, sexual intercourse, oral sex, or other sexual acts with him in order to obtain rental housing, including while in the process of showing them potential rental units;
- b. Demanding that female tenants engage in, or pressuring them to engage in, sexual intercourse, oral sex, or other sexual acts with him in order to obtain or keep rental housing;

- c. Subjecting actual and prospective female tenants to unwelcome sexual contact and groping, including sexual intercourse and sexual touching of their breasts and bodies, without their consent;
- d. Offering to grant tangible benefits—such as reducing or excusing rent payments or deposit amounts—in exchange for engaging in sexual acts with him;
- e. Refusing to provide needed maintenance services or otherwise taking adverse housing actions, or threatening to take such actions, against female tenants who objected to his unwelcome sexual harassment or who refused to engage in sexual acts with him;
- f. Making intrusive, unannounced visits to female tenants' homes to conduct and further his sexual advances;
- g. Menacing female tenants and prospective tenants by repeatedly driving by their homes and knocking on their doors when he had no apparent legitimate reason to do either;
- h. Frequently making unwelcome sexual comments, propositions, and sexual advances to female tenants and prospective tenants; and
- i. Asking female prospective and actual tenants and applicants intrusive personal questions about their romantic relationships and sexual histories during the process of considering them for tenancy in Defendants' rental housing and during their tenancies.

25. For instance, in May 2017, in Oswego, Defendant Douglas Waterbury locked a prospective tenant—who was a teenager at the time—in a rental unit, lifted her shirt and felt her breasts, pushed her onto a couch, engaged in unwelcome and painful sexual intercourse and oral

sex with her, and instructed her not to tell anyone what had just happened. Defendant Douglas Waterbury took these actions without the prospective tenant's consent.

26. Additionally, in or around late 2016, Defendant Douglas Waterbury asked another prospective tenant to engage in sexual acts with him in order to rent a unit. She declined. For a period of months thereafter, Defendant Douglas Waterbury repeatedly contacted this woman and approached her in person, and, on one occasion, showed up to her home uninvited, demanding to speak with her about apartments he had available for rent and her willingness to trade sex for housing benefits, such as a lower security deposit and monthly rent. Although the woman was in desperate need of housing and eventually became homeless, she continued to refuse.

27. Defendant Douglas Waterbury also made different representations to the prospective tenant referred to in paragraph 26 and to her boyfriend about the availability of the Defendants' rental housing. When the prospective tenant's boyfriend called Defendant Douglas Waterbury in response to a listing for available apartments in the Oswego area, he informed the boyfriend that he had no apartments available. However, when the prospective tenant herself called Defendant Douglas Waterbury to inquire about the same advertisement minutes later, he informed her that he did have apartments available for rent and indicated that he would lower her rent and deposit amounts if she engaged in sex acts with him.

28. In yet another example, in or about the spring of 2016, Defendant Douglas Waterbury entered into a rent-to-own agreement with a female tenant, through which a portion of her monthly rent would be applied toward a down-payment for a home in New Haven, New York. Throughout the woman's prospective and actual tenancy at the property, Waterbury persistently subjected her to unwelcome sexual propositions, withheld maintenance services, threatened to unilaterally rescind their rent-to-own agreement, and threatened to evict her if she

did not have sex with him. The woman rejected all of Defendant Waterbury's advances and ultimately moved out of the house because of his relentless harassment and threats.

29. The experiences of these three women were not isolated instances. Rather, these were part of Defendant Waterbury's longstanding pattern and practice of illegal sexual harassment of numerous female prospective and actual tenants.

30. Defendants Carol Waterbury, Ontario Realty, and E&A Management are liable for the above-described discriminatory conduct of their partner, agent, co-manager, and co-owner, Douglas Waterbury, which occurred within the scope of his partnership, agency, employment and/or joint ownership. Many of the properties at which the harassment occurred were owned or managed by these Defendants.

31. The above-described actions and conduct of Defendant Douglas Waterbury caused female prospective and actual tenants to suffer physical harm, fear, anxiety, and emotional distress, and inhibited their ability to secure housing for themselves and their families.

CAUSE OF ACTION

32. By the actions and statements described above, the Defendants have:
- a. Denied dwellings or otherwise made dwellings unavailable because of sex, in violation of 42 U.S.C. § 3604(a);
 - b. Discriminated in the terms, conditions, or privileges of the rental or sale of dwellings, or in the provision of services or facilities in connection therewith, because of sex, in violation of 42 U.S.C. § 3604(b);
 - c. Made statements with respect to the sale or rental of dwellings that indicate a preference, a limitation, or discrimination based on sex, in violation 42 U.S.C. § 3604(c);

- d. Represented on the basis of sex that a dwelling was not available when such dwelling was in fact so available, in violation of 42 U.S.C. § 3604(d);
 - e. Discriminated in the terms and conditions of residential real estate-related transactions because of sex, in violation of 42 U.S.C. § 3605; and
 - f. Coerced, intimidated, threatened, or interfered with persons in the exercise or enjoyment of, or on account of their having exercised or enjoyed, their rights granted or protected by Sections 804 and 805 of the Fair Housing Act, in violation of 42 U.S.C. § 3617.
33. The Defendants' conduct constitutes:
- a. A pattern or practice of resistance to the full enjoyment of the rights granted by the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*; and
 - b. A denial to a group of persons of rights granted by the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*, where such denial raises an issue of general public importance.
34. Prospective and actual tenants have been injured by the Defendants' discriminatory conduct. These persons are "aggrieved persons" as defined in 42 U.S.C. § 3602(i), and have suffered damages as a result of the Defendants' conduct.
35. The Defendants' conduct was intentional, willful, and taken in reckless disregard of the rights of others.

PRAYER FOR RELIEF

WHEREFORE, the United States requests that the Court enter an Order that:

- a. Declares that the Defendants' discriminatory practices violate the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*;

- b. Enjoins the Defendants, their agents, employees, and successors, and all other persons in the active concert or participation with them from:
 - i. Discriminating on the basis of sex, including engaging in sexual harassment, in any aspect of the rental or sale of a dwelling;
 - ii. Interfering with or threatening to take any action against any person engaged in the exercise or enjoyment of rights granted or protected by the Fair Housing Act;
 - iii. Failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, the victims of the Defendants' past unlawful practices to the position they would have been in but for the discriminatory conduct; and
 - iv. Failing or refusing to take such affirmative steps as may be necessary to prevent the recurrence of any discriminatory conduct in the future and to eliminate, as nearly as practicable, the effects of the Defendants' unlawful practices;
- c. Awards monetary damages to each person aggrieved by the Defendants' discriminatory conduct, pursuant to 42 U.S.C. § 3614(d)(1)(B);
- d. Assesses civil penalties against the Defendants to vindicate the public interest, pursuant to 42 U.S.C. § 3614(d)(1)(C); and
- e. Awards such additional relief as the interests of justice may require.

Dated: April 11, 2018

GRANT C. JAQUITH
United States Attorney
Northern District of New York

s/John D. Hoggan, Jr.
JOHN D. HOGGAN, JR.
Assistant United States Attorney
Bar Roll No. 511254
United States Attorney's Office
James T. Foley U.S. Courthouse
445 Broadway, Room 218
Albany, New York 12207
Phone: (518) 431-0247
Fax: (518) 431-0386
Email: John.Hoggan@usdoj.gov

Respectfully submitted,

JEFFERSON B. SESSIONS III
Attorney General

s/John M. Gore
JOHN M. GORE
Acting Assistant Attorney General
Civil Rights Division

s/Sameena Shina Majeed
SAMEENA SHINA MAJEED
Chief

s/Lori K. Wagner
R. TAMAR HAGLER
Deputy Chief
LORI K. WAGNER
ELIZA H. SIMON
Trial Attorneys
Housing and Civil Enforcement Section
Civil Rights Division
U.S. Department of Justice
950 Pennsylvania Avenue NW – NWB
Washington, DC 20530
Phone: (202) 305-3107
Fax: (202) 514-1116
Email: Lori.Wagner@usdoj.gov

Attorneys for Plaintiff
United States of America

JS 44 (Rev. 06/17)

CIVIL COVER SHEET

5:18-CV-440

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

UNITED STATES OF AMERICA

(b) County of Residence of First Listed Plaintiff

(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

John D. Hoggan, Jr., Assistant U.S. Attorney
445 Broadway, Albany, NY 12207 Tel: (518) 431-0247

DEFENDANTS

DOUGLAS S. WATERBURY, CAROL A. WATERBURY, E&A MANAGEMENT CO., and ONTARIO REALTY, INCORPORATED

County of Residence of First Listed Defendant Oswego

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

Lindsey H. Hazelton and Robert Whitaker, Jr.
Hancock Estabrook, LLP
1500 AXA Tower, 100 Madison Street, Syracuse NY 13202

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☒ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question (U.S. Government Not a Party)
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input checked="" type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

42 U.S.C. Section 3601

Brief description of cause:

Discrimination in housing on the basis of sex

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No**VIII. RELATED CASE(S)**

IF ANY

(See instructions):

JUDGE D'Agostino

DOCKET NUMBER 5:17-cv-868

DATE

04/11/2018

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

Waived

APPLYING IFP

JUDGE

DNH

MAG. JUDGE

TWD