

STATE OF RHODE ISLAND and PETER F.
NERONHA, in his official capacity as
Attorney General of the State of Rhode
Island,

Plaintiffs,

v.

A.R. BUILDING COMPANY, INC.,

Defendant.

C.A. No. PC-2024-

COMPLAINT

The State of Rhode Island and Peter F. Neronha, in his official capacity as Attorney General of the State of Rhode Island (“Attorney General”), (collectively “the State”) allege as follows:

I. NATURE OF THE ACTION

1. A newly-enacted state law ensures that applicants for rental housing can apply to an unlimited number of listings for a one-time payment of \$5.00 every 90 days. A prospective tenant can obtain an official state criminal background check from the Bureau of Criminal Identification (“BCI”) for \$5.00 and an official credit report from Experian, Equifax, or TransUnion for free, and use those documents to apply for rental housing in Rhode Island for 90 days.
2. Ignoring the newly-enacted state law, A.R. Building Company, Inc. (“ARBC”) has demanded that its prospective tenants pay, with some variation among its properties, a \$250.00 administrative fee and a \$50.00 screening fee, in violation of R.I. Gen. Laws § 34-18-59.

3. By requiring application, processing, and screening fees in its rental application, ARBC has misled prospective tenants about their right to submit their own official state criminal background check and credit report.
4. ARBC's application fee policies harm prospective tenants who have paid fees, potentially deter other prospective tenants from applying, and provide ARBC a competitive advantage over other landlords and property management companies complying with the law.
5. ARBC's business practices are unfair and deceptive and significantly harm Rhode Island residents by charging illegal fees and interfering with the rental market.
6. This is a consumer protection action brought by the Attorney General in the name of the State of Rhode Island under R.I. Gen. Laws § 6-13.1-5 to enforce provisions of the Deceptive Trade Practices Act, R.I. Gen. Laws §§ 6-13.1-1–6-13.1-30 ("DTPA").
7. The State seeks redress related to ARBC's unlawful advertising and charging of rental application fees and, as detailed below, its unlawful treatment of people with disabilities.
8. As set forth below, the State complains that ARBC requires prospective tenants to pay fees that represent nothing more than a cost-to-apply for housing, overcharges prospective tenants screening fees for screening documents, fails to provide copies of the screening documents that prospective tenants are paying for, fails to give prospective tenants a way to provide their own screening documents, charges impermissible or excessive fees for independent screening documents, charges non-occupant co-signers and non-obligated co-occupants for irrelevant screening documents, and advertises these fees as required for a prospective tenant to apply for housing.
9. As set forth below, the State also complains that ARBC, through its property websites, has asked prospective tenants whether they have a disability and a need for a service or support

animal, redirected such tenants away from its websites and to Google.com, required such tenants to complete a burdensome and inappropriate packet of forms to request a reasonable accommodation, instructed tenants who need to request support animal accommodations to “STOP” applying because their applications cannot be processed online like other applications, and prohibited such tenants from securing an apartment until after their reasonable accommodation request has been reviewed.

10. The State seeks, among other remedies, injunctive relief to require ARBC to stop charging application fees and to stop discriminating against prospective tenants with disabilities, other equitable relief to return unlawfully charged fees to consumers, and civil penalties to punish and deter ARBC’s unlawful conduct.

II. JURISDICTION AND VENUE

11. This Court has jurisdiction over this action under R.I. Gen. Laws § 6-13.1-5.
12. This Court has personal jurisdiction over ARBC because it is registered with the Secretary of State to do business in Rhode Island and because it conducts significant business operations in the state.
13. Venue is proper in this Court under R.I. Gen. Laws § 6-13.1-5.

III. DEFENDANT

14. ARBC is a foreign corporation organized under the laws of Pennsylvania.
15. ARBC has a principal office located at 310 Seven Fields Boulevard, Suite 350, Seven Fields, Pennsylvania, 16046.
16. ARBC is registered with the Secretary of State.
17. According to ARBC’s filings with the Secretary of State, Daniel J. Mancosh and A. Richard Nernberg are the President and Director, respectively, of ARBC.

18. ARBC owns and manages five residential rental properties located throughout Rhode Island (“Rhode Island Properties”) and is engaged in trade and commerce in Rhode Island, advertising, renting, maintaining, and otherwise managing its rental properties.

IV. ALLEGATIONS

19. ARBC offers residential apartments for rent at each of its five Rhode Island Properties: Dowling Village in North Smithfield, Highland Hills in Cumberland, Kettle Point in East Providence, Newport Avenue in Rumford, and Reynolds Farm in North Kingstown.

A. Rhode Island’s Application Fees Law Creates a System for Application Fees and Screening Fees that Minimizes Tenant Costs and Redundant Screenings

20. A new Rhode Island law entitled Fair Limitation on Rental Application Fees, R.I. Gen. Laws § 34-18-59 (“Application Fees Law”), took effect nearly one year ago, on January 1, 2024.

21. The explanation of the law by the legislative council provides that “[t]his act would prohibit the requirement that a fee be paid for a rental application for real property.”

22. When a landlord follows the Application Fees Law, a prospective tenant should never have to pay for an official state background check and a credit report (“screening documents”) more than once within any 90-day period. They should be able to obtain their own screening documents—it currently costs a prospective tenant \$5.00 to obtain a background check from the BCI, and it is free for a prospective tenant to obtain their credit report from one of the three major credit bureaus—and provide these documents to a landlord to avoid a screening fee. Under the law, if they elect not to provide their own screening documents, they should never have to pay the landlord more than the actual cost the landlord incurs to obtain the screening documents, and the landlord should provide a copy of the documents to the prospective tenant for re-use with other applications.

23. In general, the Application Fees Law prohibits landlords from requiring or demanding that any prospective tenant pay a fee to apply for rental housing, R.I. Gen. Laws § 34-18-59(a), except the statute does permit landlords to require screening documents, R.I. Gen. Laws § 34-18-59(b).
24. In implementing that requirement, however, a landlord may not charge a screening fee for any screening document that a prospective tenant provides and that was issued within 90 days of their application. R.I. Gen. Laws § 34-18-59(b)(1).
25. If a prospective tenant does not provide their own screening document, then a landlord may charge a screening fee, but it may not charge more than the “actual cost of obtaining the official state background check and/or credit report.” R.I. Gen. Laws § 34-18-59(b)(2). Additionally, the landlord must provide a copy to the prospective tenant, whose fee paid for the document. R.I. Gen. Laws § 34-18-59(b)(2).
26. Separately, the law makes clear that a landlord may obtain any independent screening documents (e.g., a background check from somewhere other than the BCI, Attorney General, state police, or local police department) “at the landlord’s own expense.” R.I. Gen. Laws § 34-18-59(b)(3).

B. ARBC’s Practices Related to Application Fees, Screening Documents, and Co-Applicants Frustrate the System Prescribed by the Application Fees Law

27. ARBC is a landlord offering properties for rent in Rhode Island and is subject to Rhode Island’s fair limitation on rental application fees. R.I. Gen. Laws § 34-18-59.
28. Since January 2024, ARBC has:
- a. Required prospective tenants to pay rental application fees,
 - b. Overcharged prospective tenants for screening fees for screening documents,

- c. Charged prospective tenants screening fees while failing to provide them with copies of the screening documents for which they paid,
 - d. Charged prospective tenants for screening fees while failing to accept or allow for the online submission of their own screening documents to avoid fees,
 - e. Charged prospective tenants screening fees for independent background checks and credit reports,
 - f. Charged applicants who are co-signers who would not occupy an apartment screening fees that include criminal background checks,
 - g. Charged prospective occupants who would not be financially obligated by a lease screening fees that include credit reports, and
 - h. Advertised application and screening fees as required for prospective tenants to apply for housing and secure an apartment.
29. Several consumers have shared their experiences with some of ARBC's practices with the Attorney General and confirmed that they are unfair and deceptive to consumers.
- 1. Consumer A**
30. Consumer A told the Attorney General that she submitted two applications to Dowling Village in early 2024 and was required to pay the property's full screening fees and full administrative fees each time, even though her applications were about one week apart.
31. According to Consumer A:
- a. She first applied to Dowling Village in or around the beginning of March 2024.
 - b. The first application cost her \$280.00 in fees to apply.
 - c. Dowling Village would not let her submit her application unless she paid \$250.00 for an "administrative fee" and \$30.00 for a "screening fee."

- d. Dowling Village rejected her first application, it told her, because she did not make enough income and would need a co-signer.
- e. Shortly thereafter, in or around the middle of March 2024, she submitted a second application, this time with a co-signer.
- f. Dowling Village again required her to pay \$280.00 in fees to submit her application, with \$250.00 paid for an “administrative fee” and \$30.00 paid for a “screening fee.”
- g. Before paying the fees, she asked Dowling Village about a fee waiver because she had applied approximately one week earlier.
- h. Instead of permitting her to use the screening documents from her first application for her second application, Dowling Village told her that she had to pay new fees.
- i. Dowling Village told her that the fees could not be waived and that she was “starting over completely.”
- j. Dowling Village denied her second application for credit reasons.
- k. At no point did Dowling Village explain the \$250.00 fee to her.
- l. At no point did Dowling Village explain the \$30.00 fee to her, except to say that it was an “application fee.”
- m. She did not know if the \$30.00 fee was going towards any screening documents.
- n. She received a copy of a credit report after her second application was denied for credit reasons.
- o. She never received a copy of a credit report after her first application.
- p. She never received a copy of any background check.

2. Consumer B

32. Consumer B told the Attorney General that she submitted one application to Kettle Point in Summer 2024; that her partner was required to pay the full screening fee, including for a credit report despite the fact that he was not going to be financially obligated under the lease; and that her co-signer was required to pay the property's full screening fee, including for a criminal background check despite the fact that he was not going to occupy the property.

33. According to Consumer B:

- a. She applied to Kettle Point to live on her own, but Kettle Point told her that her partner would also have to complete an application because he would sometimes occupy the apartment.
- b. She was also told she did not make enough income to be approved for the apartment and would need a co-signer, and she found somebody to co-sign with her.
- c. She paid \$300.00 in fees to apply, which was made up of \$250.00 for an administrative fee and \$50.00 for a screening fee.
- d. Kettle Point told her that her partner and co-signer would also have to pay \$50.00 each for screenings.
- e. Kettle Point told her that the screening fee was used for a background check, and she understood from the online application that the property also would request a credit report.
- f. Kettle Point required her partner to pay the full \$50.00 for both screening documents, even though he was not going to be financially obligated under the lease.

- g. Kettle Point also required her co-signer to pay the full \$50.00 for both screening documents, even though he was not going to occupy the apartment.
- h. She never received a copy of any background check or credit report.
- i. Her partner never received a copy of any background check or credit report.
- j. Her co-signer never received a copy of any background check or credit report.

3. Consumer C

34. Consumer C told the Attorney General that she submitted two applications to Kettle Point, the first in 2022 and the second in 2024, and was required to pay the property's full screening fees and full administrative fees each time, even though her second application was to transfer units.

35. According to Consumer C:

- a. She first applied to Kettle Point in or around January 2022.
- b. The first application cost her \$325.00 in fees to apply.
- c. Kettle Point would not let her submit her application unless she paid \$250.00 for an administrative fee and \$75.00 for an application fee.
- d. Kettle Point accepted her application and granted her a rental unit.
- e. Two years later, in or around Spring 2024, she applied for an apartment transfer to a different unit within Kettle Point.
- f. Kettle Point required her to complete a new housing application to transfer units.
- g. The second application cost her \$300.00 in fees to apply.
- h. At no point did Kettle Point explain the purpose of the fees.
- i. At no point did Kettle Point tell her that screening documents would be pulled to process her application.

- j. She never received a copy of any background check or credit report.

C. Rhode Island’s Fair Housing Law Protects Prospective Tenants with Disabilities from Discriminatory Inquiries, Burdensome Accommodation Request Requirements, and Other Discriminatory Treatment

36. ARBC is a corporation possessing the right to rent, lease, and manage a housing accommodation in Rhode Island, an owner under the Fair Housing Practices Act, R.I. Gen. Laws §§ 34-37-1–34-37-11 (“FHPA”), and subject to Rhode Island’s fair housing laws, *see, e.g.*, R.I. Gen. Laws § 34-37-4.

37. The FHPA states “No owner having the right to sell, rent, lease or manage a housing accommodation . . . shall”:

- a. “. . . make . . . any written or oral inquiry concerning the . . . disability . . . of any prospective or tenant of the housing accommodation,”
- b. “refuse to sell, rent, lease, let or otherwise deny to or withhold from any individual the housing accommodation because of the . . . disability,”
- c. “issue any advertisement relating to the . . . rental, or lease of the housing accommodation that indicates any preference, limitation, specification, or discrimination based upon . . . disability,”
- d. “discriminate against any individual because of [their] disability . . . in the terms, conditions, or privileges of the . . . rental, or lease of any housing accommodation,”
or
- e. “delay the processing of applications relating to the . . . rental, or lease of the housing accommodation based upon an individual’s . . . disability.” R.I. Gen. Laws § 34-37-4(a).

38. The United States Department of Justice (“DOJ”) and the United States Department of Housing and Urban Development (“HUD”) have issued a joint statement entitled Reasonable Accommodations Under the Fair Housing Act (2004) interpreting and describing rights and responsibilities of parties requesting and evaluating requests for reasonable accommodations pursuant to the federal Fair Housing Act.
39. HUD has issued a Guidance document entitled Assessing a Person’s Request to Have an Animal as a Reasonable Accommodation Under the Fair Housing Act (2020) interpreting and describing rights and responsibilities of parties requesting and evaluating requests for reasonable accommodations pursuant to the federal Fair Housing Act.
40. Rhode Island civil rights laws are generally interpreted to be consistent with federal civil rights laws, and the Rhode Island Commission for Human Rights has incorporated the interpretations of the HUD and DOJ guidance documents into its own guidance entitled Discussion of Reasonable Accommodations for Persons with Disabilities Who Utilize Assistive Animals.
41. DOJ and HUD guidance documents state:
- a. “A [housing] provider may not refuse a [reasonable accommodation] request . . . because the individual making the request did not follow any formal procedures that the provider has adopted.” U.S. DEP’T OF HOUS. & URB. DEV. & DEP’T OF JUST., Joint Statement of the Department of Housing and Urban Development and the Department of Justice: Reasonable Accommodations Under the Fair Housing Act (2004).
 - b. “If a [housing] provider adopts formal procedures for processing reasonable accommodation requests, the provider should ensure that the procedures, including

any forms used, do not seek information that is not necessary to evaluate if a reasonable accommodation may be needed to afford a person with a disability equal opportunity to use and enjoy a dwelling.” U.S. DEP’T OF HOUS. & URB. DEV. & DEP’T OF JUST., Joint Statement of the Department of Housing and Urban Development and the Department of Justice: Reasonable Accommodations Under the Fair Housing Act (2004).

- c. “If a person’s disability is obvious, or otherwise known, then the [housing] provider may not request any additional information about the requester’s disability or the disability-related need for the accommodation.” U.S. DEP’T OF HOUS. & URB. DEV. & DEP’T OF JUST., Joint Statement of the Department of Housing and Urban Development and the Department of Justice: Reasonable Accommodations Under the Fair Housing Act (2004).
- d. “If the requester’s disability is known or readily apparent to the [housing] provider, but the need for the accommodation is not readily apparent or known, the provider may request only information that is necessary to evaluate the disability-related need for the accommodation.” U.S. DEP’T OF HOUS. & URB. DEV. & DEP’T OF JUST., Joint Statement of the Department of Housing and Urban Development and the Department of Justice: Reasonable Accommodations Under the Fair Housing Act (2004).
- e. “Depending on the individual’s circumstances, information verifying that the person meets the Act’s definition of disability can usually be provided by the individual himself for herself . . . [a] doctor or other medical professional, a peer support group, a non-medical service agency, or a reliable third party who is in a

position to know about the individual’s disability” U.S. DEP’T OF HOUS. & URB. DEV. & DEP’T OF JUST., Joint Statement of the Department of Housing and Urban Development and the Department of Justice: Reasonable Accommodations Under the Fair Housing Act (2004).

- f. “Housing providers may not require a health care professional to use a specific form . . . to provide an individual’s diagnosis or other detailed information about a person’s physical or mental impairments.” U.S. DEP’T OF HOUS. & URB. DEV., Assessing a Person’s Request to Have an Animal as a Reasonable Accommodation Under the Fair Housing Act (2020).
- g. “[H]ousing provider[s] may *not* insist on specific types of evidence if the information which is provided or actually known to the housing provider meets the requirements” of the HUD guidance. U.S. DEP’T OF HOUS. & URB. DEV., Assessing a Person’s Request to Have an Animal as a Reasonable Accommodation Under the Fair Housing Act (2020) (emphasis in original).

D. ARBC’s Application Process Violates Fair Housing Law from Start to Finish for Prospective Tenants with Disabilities

- 42. Since at least April 2024, ARBC has, through its websites for its Rhode Island Properties:
 - a. Made written inquiry concerning the disability and need for a service animal or support animal of prospective tenants;
 - b. Refused to rent, lease, or otherwise denied to or withheld rental units from prospective tenants who identify as having disabilities by redirecting them away from its advertising and application websites and to Google.com;
 - c. Advertised a preference, limitation, specification, and discriminatory instruction to applicants requiring a service or support animal (“SSA”) to “STOP” applying

online and to contact the leasing office because “Rentals With Emotional Support Animals Cannot Be Processed Online;”

- d. Required a prospective tenant with a disability and a need for an SSA (“SSA applicant”) to complete a packet of forms (“SSA forms”) that
 - i. Required the SSA applicant to submit specific forms and procedures to make a reasonable accommodation request for an SSA (“SSA request”),
 - ii. Conditioned SSA requests on an SSA applicant providing information that is irrelevant to evaluation of a need for a reasonable accommodation,
 - iii. Treated SSA applicants with observable and non-observable disabilities the same by seeking to verify every disability, regardless of whether it was observable or not,
 - iv. Treated SSA applicants with observable and non-observable disability-related needs the same by seeking to verify every need for a reasonable accommodation, regardless of whether the need was observable or not,
 - v. Conditioned SSA requests on a healthcare professional completing the SSA forms,
 - vi. Conditioned SSA requests on obtaining a healthcare professional’s signature, and
 - vii. Required a healthcare professional’s signature for no apparent reason; and
- e. Refused to hold an apartment for a prospective applicant with a disability until it had reviewed and approved their SSA forms, meanwhile prospective tenants who do not request such an accommodation faced no delay.

V. CAUSES OF ACTION

A. Count I: Violation of the Deceptive Trade Practices Act

43. The State re-alleges and incorporates herein Paragraphs 1 through 42.

44. The DTPA prohibits any person, including companies and any other legal entity, from engaging in unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce, including prohibitions on:

- a. Engaging in conduct that creates a likelihood of confusion or of misunderstanding,
- b. Engaging in any act or practice that is unfair or deceptive to the consumer, and
- c. Engaging in any act or practice that misleads or deceives members of the public in a material respect. R.I. Gen. Laws §§ 6-13.1-2, 6-13.1-1(6)(xii)–(xiv).

45. ARBC is engaged in the trade and commerce of advertising and offering residential apartments for rent to prospective tenants and prospective applicants at its rental properties located throughout Rhode Island.

46. ARBC is engaged in trade and commerce when it charges prospective applicants fees to apply for residential rental units.

47. Prospective applicants who pay these fees or are offered the ability to apply only upon paying these fees are consumers of ARBC.

48. ARBC's practices related to application fees and screening documents are deceptive, confusing, and misleading to prospective tenants, in violation of the DTPA. R.I. Gen. Laws §§ 6-13.1-2, 6-13.1-1(6)(xii)–(xiv).

49. ARBC's practices related to applicants with disabilities and a need for an SSA are deceptive, confusing, and unfair to prospective tenants, in violation of the DTPA. R.I. Gen. Laws §§ 6-13.1-2, 6-13.1-1(6)(xii)–(xiv).

50. These practices are also unfair to prospective tenants because they undercut law-abiding competitors, creating harm in the market and to other businesses, in violation of the DTPA. R.I. Gen. Laws §§ 6-13.1-2, 6-13.1-1(6)(xiii).
51. These practices are also unfair under the DTPA because they violate public policy, as established by the State's recent legislative enactment of a fair limitation on rental application fees, R.I. Gen. Laws § 34-18-59, and fair housing laws, *see, e.g.*, R.I. Gen. Laws § 34-37-4, and have caused injury to consumers and competitors.
52. ARBC violated the DTPA each time it, among other things:
- a. Required prospective tenants to pay rental application fees,
 - b. Overcharged prospective tenants for screening fees for screening documents,
 - c. Charged prospective tenants screening fees while failing to provide them with copies of the screening documents that their fees paid for,
 - d. Charged prospective tenants for screening fees while failing to provide them with a way to provide their own screening documents to avoid fees,
 - e. Charged prospective tenants screening fees for independent background checks and credit reports,
 - f. Charged co-signer applicants who would not occupy an apartment for screening fees for background checks,
 - g. Charged prospective occupants who would not be financially obligated by a lease for screening fees for credit reports,
 - h. Advertised application and screening fees as required for a prospective tenant to apply for housing and to secure an apartment,
 - i. Asked prospective tenants whether they have a disability and a need for an SSA,

- j. Redirected prospective tenants away from its websites and to Google.com if they indicate that they have a disability and a need for an SSA,
 - k. Required an SSA applicant to complete its SSA forms,
 - l. Instructed SSA applicants to “STOP” applying online and to contact the leasing office because “Rentals With Emotional Support Animals Cannot Be Processed Online,” and
 - m. Prohibited SSA applicants from securing an apartment until their SSA forms have been reviewed, while prospective tenants who do not have a disability and need for an SSA are not so prohibited. *See* R.I. Gen. Laws § 6-13.1-1(6)(xii)–(xiv).
53. Therefore, ARBC engaged in unfair or deceptive acts or practices in the conduct of trade or commerce, in violation of R.I. Gen. Laws § 6-13.1-2, as defined by R.I. Gen. Laws § 6-13.1-1(6).

VI. PRAYER FOR RELIEF

WHEREFORE, the State respectfully requests that this Honorable Court enter judgment:

- A. Declaring that:
 - a. ARBC’s acts as described above are unfair or deceptive acts or practices in trade or commerce that injure the public interest, and
 - b. ARBC has violated the DTPA by committing such acts;
- B. Enjoining ARBC and its officers, directors, managers, members, agents, employees, successors, assigns, and all other persons in active concert or participation with them from:
 - a. Engaging in any acts that violate the DTPA, including, but not limited to, the unfair or deceptive acts or practices alleged herein;

C. Ordering ARBC to:

- a. Provide appropriate restitution, including a refund of all fees, regardless of name or description, charged to prospective tenants,
- b. Update the websites for its Rhode Island Properties to comply with the State's fair housing laws, R.I. Gen. Laws § 34-37-4, and the DTPA,
- c. Update the application processes for its Rhode Island Properties to comply with the State's fair housing laws, R.I. Gen. Laws § 34-37-4, and the DTPA, and
- d. Complete fair housing training;

D. Assessing a civil penalty against ARBC of up to ten thousand dollars (\$10,000.00) for each violation of the DTPA as provided for by R.I. Gen. Laws § 6-13.1-8 to vindicate the public interest;

E. Ordering ARBC to pay costs and attorneys' fees to the Attorney General; and

F. Awarding any other or additional relief as this Court deems just and proper.

VII. JURY DEMAND

The State hereby demands a trial by jury of all issues so triable pursuant to R.I. Super. Ct.

R. Civ. P. 38.

Respectfully submitted,

STATE OF RHODE ISLAND and

**PETER F. NERONHA
ATTORNEY GENERAL**

By: /s/ Jordan G. Mickman

Dated: December 11, 2024

JORDAN G. MICKMAN (Bar No. 9761)

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CERTIFICATION

I hereby certify that, on December 11, 2024, I filed and served this document through the electronic filing system on the attorneys of record. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Elaney Elliott