

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into between The Housing Equality Center of Pennsylvania (“HEC”) and ProManaged Inc., Pro-Managed LLC; Revo Capital Partners LLC; Revo Capital Partners II LLC; Revo Capital Partners III LLC; Revo Capital Partners IV LLC; Revo Capital Partners V LLC; William Smith; and Gary Rilling (collectively, “Pro-Managed”).

WHEREAS HEC filed a Complaint in U.S. District Court, Eastern District of Pennsylvania (“District Court”), docketed as Case No. 2:22-cv-4894 (the “District Court Action”), against Pro-Managed;

WHEREAS HEC filed a separate action before the Philadelphia Commission on Human Relations against Pro-Managed (the “PCHR Action”);

WHEREAS HEC and Pro-Managed (the “Parties”) have negotiated a remedy that will resolve the issues in the District Court Action and PCHR Action amicably and avoid the expense of further litigation;

NOW, THEREFORE, intending to be legally bound and in consideration of the foregoing, the promises and mutual covenants, conditions and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Effective Date

This Agreement shall become effective (the “Effective Date”) on the date the Parties mutually execute this agreement.

2. Compensation

Within ten (10) business days of the Effective Date, Pro-Managed shall pay \$26,000 to HEC (via check made out to the Housing Equality Center of Pennsylvania, to be sent to Housing Equality Center of Pennsylvania, attn.: Rachel Wentworth, PO Box 558, Fort Washington, PA 19034) and \$74,000 to the Public Interest Law Center (via check made out to the Public Interest Law Center, to be sent to Public Interest Law Center, attn.: LaTrice Brooks, 1500 JFK Blvd., Ste. 802, Philadelphia, PA 19102).

3. Release and Dismissal of Claims

HEC agrees to release Pro-Managed from the claims that are the subject of the District Court Action and PCHR Action. HEC further agrees to voluntarily dismiss its claims in the District Court Action and PCHR Action with prejudice, subject to the ongoing authority of the District Court to enforce the Consent Order described in Sections 4 and 5 and attached as Exhibit A to this Agreement.

4. Submission of Consent Order

Within five days of the Effective Date, HEC and Pro-Managed will sign and present the Consent Order attached as Exhibit A to this Agreement to the District Court for approval. If the District Court approves the Consent Order, it will retain continuing jurisdiction over this lawsuit for purposes of interpretation and enforcement of the Consent Order. This settlement agreement shall remain in effect even if the District Court does not enter the Consent Order or if the District Court enters a time-limited Consent Order.

5. Incorporation of Terms of Consent Order

The terms of the Consent Order, as written in the attached Exhibit A, including the commitments made by Pro-Managed under the Consent Order, are part of the consideration HEC is receiving in exchange for executing this Agreement and those terms are incorporated herein and shall be deemed part of this Agreement.

6. Joint Statement

HEC and Pro-Managed agree to publish a joint statement within five (5) days of the Effective Date in the form attached to this Agreement as Exhibit B.

7. No Coercion

The Parties acknowledge that this Agreement is a voluntary and full settlement of the claims asserted in the District Court Action and the PCHR Action. The Parties affirm that they have read and fully understand the terms set forth herein. No Party has been coerced, intimidated, threatened or in any way forced to become a party to this Agreement. On the contrary, each of the Parties has entered into this Agreement voluntarily. Further, each Party acknowledges that it was represented by counsel of its choice in connection with this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

8. Breach

If HEC has reasonable cause to believe that Pro-Managed has breached this Agreement, it shall notify Pro-Managed of the breach in writing. Pro-Managed shall have thirty (30) days after receipt of notice of the breach to cure the breach before HEC may take any action to enforce the Agreement. HEC shall be entitled to appropriate attorneys' fees as the prevailing party in any such action.

9. Specific Performance as Remedy

It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (including attorneys' fees and costs)

as a remedy of any such breach, without the necessity of proving the inadequacy of money damages as a remedy.

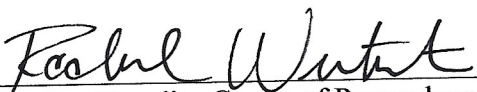
10. Survival

The provisions of this Agreement shall be interpreted to effectuate the intent of the Parties. None of the Parties shall have any term or provision construed against such Party by reason of such Party having drafted the provision. The provisions of this Agreement are several and, if any part is found to be unenforceable, the other portions shall remain fully valid and enforceable. The unmodified portions of this Agreement shall survive the termination or modification of any provisions contained herein.

11. Miscellaneous

This Agreement contains the total and complete agreement and understanding between HEC and Pro-Managed and supersedes any and all prior representations and discussions. By signing below, the signatories agree that they intend to be legally bound and represent that they have the authority to execute this Agreement on behalf of the party they are signing for. This Agreement may not be modified except in writing signed by HEC and Pro-Managed. This Agreement shall be interpreted and construed in accordance with the substantive laws of the Commonwealth of Pennsylvania. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all of the parties reflected hereon as the signatories.

Accepted and agreed to intending to be legally bound:


Housing Equality Center of Pennsylvania
By: Rachel Wentworth, Executive Director

12/22/2022
Date

William Smith

Date

Gary Rilling

Date

Pro-Managed Inc.
By:

Date

EXECUTION VERSION

as a remedy of any such breach, without the necessity of proving the inadequacy of money damages as a remedy.

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Accepted and agreed to intending to be legally bound:

Housing Equality Center of Pennsylvania
By: Rachel Wentworth, Executive Director

Date



William Smith

DEC. 22, 2022
Date



Gary Rilling


DEC 22, 2022
Date



Pro-Managed Inc.
By:

DEC 22, 2022
Date

EXECUTION VERSION




Pro-Managed LLC
By: *WILLIAM SMITH*

DEC. 22, 2022
Date



Revo Capital Partners LLC
By: *WILLIAM SMITH*

DEC. 22, 2022
Date



Revo Capital Partners II LLC
By: *WILLIAM SMITH*

DEC. 22, 2022
Date



Revo Capital Partners III LLC
By: *WILLIAM SMITH*

DEC. 22, 2022
Date



Revo Capital Partners IV LLC
By: *WILLIAM SMITH*

DEC. 22, 2022
Date



Revo Capital Partners V LLC
By: *WILLIAM SMITH*

DEC. 22, 2022
Date

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

HOUSING EQUALITY CENTER OF
PENNSYLVANIA,

Plaintiff,

v.

PROMANAGED INC., *et al.*,

Defendants.

Civil Action No. 2:22-cv-4894

[PROPOSED] CONSENT ORDER

WHEREAS, Plaintiff Housing Equality Center of Pennsylvania (“HEC”) filed a Complaint against Defendants ProManaged Inc., Pro-Managed LLC, Revo Capital Partners LLC, Revo Capital Partners II LLC, Revo Capital Partners III LLC, Revo Capital Partners IV LLC, Revo Capital Partners V LLC, Gary Rilling, and William Smith (collectively, “Defendants”) on December 8, 2020 alleging that Defendants’ had a policy and practice of refusing to accept Housing Choice Vouchers (also known as “Section 8 Vouchers”) through the Housing Choice Voucher Program, *see* 42 U.S.C. § 1437f(o), in predominantly white neighborhoods, while accepting Housing Choice Vouchers in majority Black neighborhoods;

WHEREAS, Plaintiff alleged that Defendants’ policy and practice disparately treats and disparately impacts prospective renters of different races in violation of the Fair Housing Act, 42 U.S.C. §§ 3604(a), (b), and (c) (“FHA”);

WHEREAS, Plaintiff and Defendants engaged in settlement negotiations and agreed to a remedy that will resolve the ongoing litigation and avoid the risks and expense of further litigation;

WHEREAS, by their counsels’ signatures below, the parties have requested that the Court enter an Order in this matter as set forth below:

Now, therefore, it is hereby **ORDERED**:

1. Immediately upon entry of this Order, Defendants agree not to discriminate against prospective or current tenant(s) based on the tenant's source of income, including their use of Housing Choice Vouchers.

2. Within twenty (20) calendar days of entry of this Order, Defendants must include the text "Applicants with housing vouchers and subsidies, including Housing Choice or "Section 8" Vouchers, are encouraged and accepted" in all print and digital rental property listings and advertisements, including property listings and advertisements on promanaged.us.

3. **Written Policy:** Within twenty (20) calendar days of entry of this order, Defendants shall adopt a written policy and practice, with substantial input and review by HEC's counsel, that complies with both the Philadelphia Fair Practices Ordinance, *see* Phila. Code § 9-1100 et seq. and the FHA (the "Written Policy). Specifically, the Written Policy will:

- a. Prohibit discrimination against prospective or current tenant(s) based on the tenant's race, ethnicity, color, sexual orientation, gender identity, religion, national origin, ancestry, disability, marital status, age, source of income, familial status, or domestic or sexual violence victim status;

4. **Publication of the Written Policy:** Within twenty (20) calendar days of the finalization of the Written Policy, Defendants shall:

- a. Publish the Written Policy in all public-facing media, including on promanaged.us;
- b. Attach the Written Policy to all rental applications for properties in Defendants' rental property portfolio;

EXHIBIT A to SETTLEMENT AGREEMENT

c. Distribute the Written Policy to all of Defendants' current and future agents and personnel, including property owners, involved in the leasing of Defendants' rental property portfolio.

5. Within sixty (60) calendar days of entry of this order, all of Defendants' current agents and personnel, including property owners, involved in the leasing of Defendants' rental property portfolio must schedule, attend, and complete training on Philadelphia Fair Practices Ordinance and FHA compliance administered by HEC.

6. This matter is hereby dismissed with prejudice, but this Court shall retain jurisdiction over this lawsuit for purposes of interpretation and enforcement of this Order.

SO ORDERED THIS ____ day of _____, _____

Mitchell S. Goldberg
United States District Court Judge
Eastern District of Pennsylvania

EXHIBIT A to SETTLEMENT AGREEMENT

Agreed to by the parties signing below effective _____, 2022.

/s/

DECHERT LLP
Steven Bizar (Pa. Bar No. 68316)
Thomas J. Miller (Pa. Bar No. 316587)
David M. Costigan (Pa. Bar No. 329496)
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mmckenzie@pubintl.org
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(215) 627-7100

*Counsel for Plaintiff Housing Equality Center
of Pennsylvania*

/s/

SHERMAN, SILVERSTEIN, KOHL, ROSE &
PODOLSKY, P.A.
Alan C. Milstein (Pa. Bar. No. 38387)
308 Harper Drive
Moorestown, NJ 08057
(856) 662-0700

*Counsel for Defendants ProManaged Inc.,
Pro-Managed LLC, Revo Capital Partners
LLC, Revo Capital Partners II LLC, Revo
Capital Partners III LLC, Revo Capital
Partners IV LLC, Revo Capital Partners V
LLC, Gary Rilling, and William Smith*

Exhibit B

JOINT STATEMENT FROM THE HOUSING EQUALITY CENTER OF PENNSYLVANIA AND PRO-MANAGED LLC REGARDING THE SETTLEMENT OF THEIR CASE

The Housing Equality Center of Pennsylvania (“HEC”) and Pro-Managed LLC are pleased to announce the amicable resolution of their dispute. HEC filed a charge against Pro-Managed LLC with the Philadelphia Commission on Human Relations (“PCHR”) for violating the Philadelphia Fair Practices Ordinance (“FPO”), which prohibits discrimination based on source of income, including housing assistance programs. HEC also filed a complaint against Pro-Managed LLC in the federal District Court for the Eastern District of Pennsylvania alleging that Pro-Managed’s policy and practice of refusing to accept Housing Choice Vouchers (also known as “Section 8 Vouchers”) in predominantly white neighborhoods while advertising that they accept them in majority Black neighborhoods disparately treats and disparately impacts prospective Black renters in violation of the Fair Housing Act (“FHA”).

Almost immediately after HEC filed its charge and complaint, the parties reached a settlement agreement to address the concerns raised by HEC. Pro-Managed LLC, its owners, and related entities admitted that their policy and practice violated the FPO and FHA and agreed to advertise that they accept and encourage the use of Housing Choice Vouchers at all of their rental portfolio properties. They also agreed to adopt written policies regarding compliance with applicable federal and local fair housing laws and to receive training from HEC on the FPO and FHA.

“The widespread barriers and bias faced by Housing Choice Voucher holders deepens Philadelphia’s affordable housing crisis,” said staff attorney Sari Bernstein of the Public Interest Law Center, which represented HEC in both matters. “Pro-Managed should be commended for taking meaningful and prompt action to comply with the letter and spirit of local and federal fair housing laws, and for providing greater opportunities for Philadelphia renters who receive housing assistance.”

Thanks to the Housing Equality Center of Pennsylvania, we were made aware of an unintended consequence surrounding our Housing Choice Voucher policy. As a team of native Philadelphians, we never intended to exclude our neighbors from the affordable housing they deserve. The intervention of the HEC allowed us to improve our policies and reminded us of the importance of continued education and training. We’re happy to accept Housing Choice Vouchers for all our properties and are excited to continue welcoming families to their new homes.