

**ATTORNEY GENERAL OF THE STATE OF NEW YORK
BROOKLYN REGIONAL OFFICE**

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**In the Matter of the Investigation by
Letitia James, Attorney General of the
State of New York, of**

Assurance No. 22-075

Compass Inc.
90 Fifth Avenue, Third Floor
New York, NY 10011

Respondent.

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ASSURANCE OF DISCONTINUANCE

In December of 2021, the Office of the Attorney General of the State of New York (“NYAG”) commenced an investigation into whether employees and/or agents of Compass, Inc., (“Compass”) discriminated against potential tenants based on lawful sources of income in violation of both the New York State Human Rights Law as amended by the Lawful Source of Income Non-Discrimination Act of 2019 (Executive Law § 296(5)(a)) and the New York City Human Rights Law (NYC Admin Code 8-107). This Assurance of Discontinuance (“Assurance”) contains the findings of the NYAG’s investigation, and the relief agreed to by the NYAG and Compass (collectively, the “Parties”).

DEFINITIONS

1. As used throughout this Assurance, the terms set forth below shall have the following meanings.
 - a. “Assurance” means this Assurance of Discontinuance.
 - b. “Effective Date” means the date this Assurance is executed by the Parties hereto.

c. “Government Subsidies” means any federal, state, or local governmentally funded housing assistance program or benefit including, but not limited to, Section 8 housing voucher program, Section 8 housing certificate program, and the Section 8 program administered pursuant to 42 U.S.C. § 1437 *et seq.*;

d. “Vouchered Tenant” means any individual whose residential rent is being paid for by Government Subsidies as defined above;

e. “FHA” means Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Amendments Act of 1988, 42 U.S.C. §§ 3601-3619, and its implementing regulations, 24 C.F.R. Parts 100 to 125;

f. “NYSHRL” means the New York State Human Rights Law, NY Exec L § 296, *et seq.*;

g. “NYCHRL” means the New York City Human Rights Law, Title 8 of the Administrative Code of the City of New York, §8-101, *et seq.*;

h. “HPD” means the New York City Department of Housing Preservation and Development;

i. “NYAG Claims” means all actual and potential claims by or on behalf of the New York State Office of the Attorney General against Compass, and all of its past and current directors, officers, employees, attorneys, and agents, relating to compliance with the FHA and/or NYSHRL’s and NYCHRL’s prohibition of discrimination on the basis of source of income, or any other provision of applicable law relating to fair housing, arising on or before the Effective Date as defined above;

j. Terms of construction:

(i) “And” and “or” shall be construed conjunctively or disjunctively as necessary to make the meaning inclusive rather than exclusive.

(ii) “All” means “any and all” and “any” means “any and all.”

(iii) “Concerning” means relating to, referring to, describing, evidencing, regarding, reflecting, or constituting.

(iv) “Day” refers to a calendar day, not a business day.

(v) “Including” means without limitation.

(vi) The singular of any word includes the plural; the plural of any word includes the singular.

PARTIES

2. Compass, Inc. (“Compass”) was incorporated in Delaware in October of 2012 as Urban Compass, Inc., but changed its name to Compass, Inc. in January 2021. Compass is a national real estate brokerage with more than 300 locations across the United States. Compass is headquartered at 90 Fifth Avenue, third floor, New York, NY 10011, where it maintains its primary license with the New York State Department of State as Principal Office License Number 10991234641.

3. This investigation was conducted by the People of the State of New York by their attorney, Letitia James, the Attorney General of the State of New York (the “NYAG”).

THE NYAG'S FINDINGS

4. The NYAG has found that Compass discriminated against potential tenants based on lawful sources of income in violation of the New York State Human Rights Law as amended by the Lawful Source of Income Non-Discrimination Act of 2019 (Executive Law § 296(5)(a)), and in violation of the New York City Human Rights Law (NYC Admin Code 8-107).

The First Violation

5. In June of 2021, Compass listed a studio apartment in a seventeen-unit residential building located at 237 East 79th Street, in New York, NY 10075. The listing stated that the rent was \$1,725 per month, which is below the Payment Standard limit of \$2,786 per month for studio apartments in that zip code as set by HPD.

6. On June 16, 2021, a caller posing as a potential tenant called Compass agent Patrick Sullivan to inquire about this studio apartment. During the recorded conversation the caller inquired as to whether she could apply for the apartment using her Section 8 voucher. Sullivan responded, "I don't think that landlord jives with that," but offered to find out by checking with the landlord, promising that he would call back.

7. On June 17, 2021, the caller reached Sullivan again to ask if she would be able to use her voucher at this apartment. Sullivan responded that he had still not heard back from the landlord.

8. On June 21, 2021, the caller reached Sullivan a third time to inquire about using her voucher. Sullivan responded saying "Yeah, um, I don't think

that they're gonna go for that. So sorry." When the caller asked why, Sullivan said "because it's a co-op and the owner, he owns about 75% of the building."

The Second Violation

9. In December of 2021, Compass listed a studio apartment in a twenty-unit residential building located at 445 W 48th Street, in New York, NY 10036. The listing stated that the rent for the apartment was \$1,905 per month, which was below the 2021 Payment Standard of \$2,851 per month for studio apartments in that zip code as set by the HPD that year.

10. On December 13, 2021, a potential tenant who had expressed interest in the studio apartment was in contact via email with Compass agent Michael Baker about the listing. The potential tenant asked about using a Section 8 voucher for the apartment and received an email response from Baker stating, "I'll need to check on the voucher ... we can schedule a showing and go from there if you like."

11. That same afternoon, the potential tenant again expressed interest in the apartment and forwarded Baker a link to an online FAQ about the New York City voucher program, as well as a link to the landlord portal for participation in the program.

12. However, on December 14, 2021, Baker emailed the potential tenant stating, "... the landlord isn't accepting any voucher programs."

13. The NYAG finds that the refusals by Compass agents Patrick Sullivan and Michael Baker to accept rental applications from potential tenants based expressly on those potential tenants' intent to use Government Subsidies

to pay or assist with payment of rent violates NYSHRL, as amended by the “Lawful Source of Income Non-Discrimination Act of 2019.” This Act prohibits source of income discrimination by brokers and/or landlords or their agents in the leasing and rental of housing accommodations statewide. NY Executive Law (hereinafter “Executive Law”) § 296(5)(a)(1).

14. A lawful source of income includes “... any form of federal, state or local public assistance or housing assistance including but not limited to section 8 vouchers...” Executive Law § 292(36). Owners, landlords, property managers, and rental agents are therefore not permitted under New York State law to refuse potential tenants solely because they receive lawful housing assistance.

15. The NYAG finds that these refusals by Compass agents to accept rental applications from potential tenants based expressly on those potential tenants’ intent to use Government Subsidies to pay or assist with payment of rent violates NYCHRL. This law, codified at Title 8 of the Administrative Code of the City of New York, prohibits discrimination in housing, based on actual or perceived lawful source of income and prohibits owners, lessors, lessees, sublessees, assignees, or managing agents from discriminatory practices based on any lawful source of income. NYC Admin. Code §§ 8-102, 8-107.

16. A lawful source of income under this municipal code, “includes but is not limited to, child support, alimony, foster care subsidies, income derived from social security, or any form of federal, state, or local public assistance or housing assistance including, but not limited to, section 8 vouchers, whether or not such income or credit is paid or attributed directly to a landlord.” NYC

Admin. Code § 8-107(5)(1). Owners, landlords, property managers, and rental agents are therefore not permitted under New York City code to refuse potential tenants solely because they receive lawful housing assistance.

17. The NYAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. THEREFORE, the NYAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a proceeding for violations of Executive Law § 296(5)(a)(1), the Lawful Source of Income Non-Discrimination Act of 2019, and violation of Executive Law § 63(12) for illegality based upon violation of NYC Admin. Code § 8-107(5)(1) based on the conduct described above from June 21, 2021, to December 14, 2021, and it is hereby understood and agreed, by and between the Parties that:

RELIEF

Non-Discrimination Policy and General Injunction

18. Compass, its agents, employees, contractors, successors, and all other persons acting in concert with or on behalf of Compass shall be permanently enjoined from refusing to rent or lease or otherwise to deny to or withhold from any person or group of persons such housing accommodations because of lawful source of income in violation of Executive Law §§ 296(5)(a)(1) and NYC Admin. Code § 8-107(5)(1), or to circulate any statement which expresses directly or indirectly any limitation or discrimination as to a lawful source of income in violation of Executive Law §§ 296(5)(a)(3).

19. Compass affirms it is committed to providing equal housing opportunities for everyone and it does not discriminate or tolerate discrimination on the basis of any protected class, including those using Government Vouchers. Compass expects its agents, independent contractors, and vendors to support these principles. To meet the Parties' mutual, long-term objective of promoting fair housing, Compass agrees to the following commitments within 90 days of the Effective Date:

a. Compass will ensure that its standard independent agent training materials indicate that it is Compass's policy not to discriminate against protected classes according to applicable law and that it is a violation of the Compass' policy for agents to do so. Such policy shall include a prohibition against discrimination on the basis of a prospective tenant's use of Government Vouchers or other forms of publicly-funded rental assistance as a source of income to pay for some or all of the monthly rent. Such policy shall also include, in accordance with applicable law: 1) a prohibition against income requirements for Government Voucher or other recipients of forms of publicly-funded rental assistance other than those set by the housing voucher programs; 2) a prohibition against requiring that a prospective tenant's voucher cover the entirety of the monthly rent unless the voucher program prohibits the voucher holder from contributing to the rent; and 3) a prohibition against consideration of a prospective renter's credit score if such renter's Government Voucher, or the renter's Government Voucher plus shelter allowance, covers the

entirety of the monthly rent. Nothing in this section shall be interpreted to prevent Compass from complying with a Government Voucher program's requirement (e.g., if a Government Voucher program prohibits a voucher holder from renting apartments above the applicable payment standard).

b. Compass will also conduct a review of its existing non-discrimination policies to ensure that sufficient consideration is given to prohibitions against housing discrimination under applicable law, including discrimination based on lawful sources of income.

c. Compass will include the following statement in their non-discrimination policies:

Compass abides by the Fair Housing Act of 1968 as amended, as well as the New York State Human Rights Law and New York City Human Rights Law, which together prohibit discrimination in the sale or rental of housing based on race, creed, color, religion, national origin, sex, marital status, partnership status, alienage or citizenship status, age, disability, familial status, lawful source of income, sexual orientation, gender identity or expression, military status, or because children are, may be or would be residing with such person or persons. Compass complies with all applicable federal, state and local laws pertaining to the use of Housing Choice Vouchers and other forms of publicly-funded rental assistance as a source of income. Every applicant and tenant, regardless of any applicable protected factors, shall be treated equally and with dignity and respect.”

d. Compass shall create and display signage at its New York corporate office and any other public-facing New York State office it controls bearing the following statement:

“Compass and its clients accept Housing Choice Vouchers and other forms of publicly-financed rental

assistance as rental payments, including Section 8 vouchers. It is illegal to discriminate based on any protected class under the FHA, NYSHRL and NYCHRL;”

And in Spanish,

“Compass y sus clientes aceptan vales de elección de vivienda y otras formas de asistencia de alquiler financiadas publicamente como pagos de renta, incluyendo vales de seccion 8. Es ilegal discriminar basado en cualquier clase protegida bajo la FHA, NYSHRL, y NYCHRL.”

Advertising

20. Within 90 days of the Effective Date, Compass will ensure that its agent training materials and policies indicate that all New York State rental properties listed by its independent contractor agents shall not contain language inconsistent with state and federal discrimination laws or with Compass’s Non-Discrimination Policies.

Training

21. Training: Within one hundred and eighty (180) days of the Effective Date, Compass will offer the following training sessions:

a. Fair Housing Training: Compass will train all of its New York State Sales Managers, Leasing Directors, Agent Experience Managers, regional leadership, and marketing employees in applicable fair housing laws, policies, and procedures (including, specifically, training on the operation of publicly funded rental assistance programs). Employees in agent-facing roles will also be trained in the handling of voucher applications and will be available during business hours to assist all agents in the handling of voucher rental paperwork, in addition to their

other job duties. Compass will also provide training in applicable fair housing laws, policies and procedures to its New York State agents, by presenting these agents with the training course developed in coordination with the Housing Rights Initiative. The training course will be conducted by Compass, or if applicable, a facilitator certified by the state to offer approved continuing education courses. Going forward, the training will be offered on an annual basis for the next five years.

b. Know Your Rights Training: As part of its training to first-time home buyers, Compass will conduct a know-your-rights training regarding the rights of Section 8 voucher holders. The frequency of such training and the contents thereof will be solely in Compass' discretion.

22. Compass will ensure that employees with training in processing voucher applications will be readily available during business hours to assist agents in the handling of voucher rental paperwork. All agents will be informed that such staff are available to assist them during business hours.

Marketing

23. Within 30 days of the Effective Date, Compass will place language confirming that Compass does not discriminate against voucher holders under applicable law at the bottom of its webpage, which will be viewable to all consumers with a New York State-based IP address.

24. Within 30 days of the Effective Date, Compass will incorporate into its online marketing material development tool available to its agents, known to Compass as "Marketing Center," the ability for agents to incorporate language

indicating that agents will present offers from eligible voucher holders to landlords in qualified units.

25. Within 30 days of the Effective Date, Compass's online Agent resource page, known to Compass as "Navigation Center," which houses New York State specific rental agreements, shall contain a clearly visible reminder that source of income discrimination is unlawful, that New York State based agents keep 90% of the commission for placing a voucher holder, (see paragraph 26 below) and that Compass staff are available to assist with the necessary paperwork related to voucher applicants during business hours.

Broker Commissions

26. Any agent of Compass who submits a rental application to rent an apartment on behalf of a voucher holder that is selected by the apartment's landlord or property manager shall keep 90% of the broker commission on the first ten such rental transactions in each calendar year. This policy will be included in all manuals circulated to New York State agents.

Payment of Brokers Fees

27. Starting thirty days from the Effective Date, Compass shall not charge any fees, including but not limited to, a fee for brokerage services provided pursuant to NY Real Property Law § 400 *et seq.*, to the first twenty-five (25) applicants who apply for and obtain residential accommodations in the State of New York through a Compass listing or agent that are using a Federal Housing Choice Voucher (commonly referred to as Section 8). This waiver of fees shall be provided only to applicants with a Federal Housing Choice Voucher who would,

in the normal course of business, be responsible for paying these fees to Compass. For the purposes of compliance with this paragraph, Compass may not count an applicant who obtains residential accommodations where the owner pays the fee or lists the apartment as a no-fee apartment, or where a government entity pays these fees as part of that Voucher Tenant's Government Subsidy.

28. Within thirty days of the Effective Date, Compass shall notify all local Public Housing Authorities within the State of New York that administer Federal Housing Choice Vouchers that applicants with Federal Housing Choice Vouchers to Compass can apply for residential housing through Compass without a fee, including but not limited to, a fee for brokerage services provided pursuant to NY Real Property Law § 400 *et seq.* until 25 applicants have obtained residential accommodation.

PROGRAMATIC RELIEF

Subsequent Proceedings

29. Compass expressly agrees and acknowledges that the NYAG may initiate a subsequent investigation, civil action, or proceeding to enforce this Assurance, for violations of the Assurance, or if the Assurance is voided pursuant to paragraph 39 and agrees and acknowledges that in such event:

- a. any statute of limitations or other time-related defenses are tolled from and after the Effective Date of this Assurance;

b. the NYAG may use statements, documents or other materials produced or provided by Compass prior to or after the Effective Date of this Assurance;

c. any civil action or proceeding must be adjudicated by the courts of the State of New York, and that Compass irrevocably and unconditionally waives any objection based upon personal jurisdiction, inconvenient forum, or venue.

d. evidence of a violation of this Assurance shall constitute prima facie proof of a violation of the applicable law pursuant to Executive Law § 63(15).

30. If a court of competent jurisdiction determines that Compass has violated the Assurance, then Compass shall pay to the NYAG the reasonable cost, if any, of obtaining such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

Reporting

31. For three years, on November 1 each year, Compass will provide NYAG with an annual written report reflecting Compass' compliance with the terms of the Assurance, including details of any policies, advertisements, and training implemented in accordance with the Assurance.

32. These above-referenced annual reports shall include the total number of instances in which Compass paid enhanced commissions to its agents based on the requirements of paragraph 26 above, the names of the agents who received the enhanced commission, and the total amount that Compass paid in advanced commission payments beyond what would have been paid without the

enhancements.

33. Starting sixty days from the Effective Date, Compass shall provide monthly reports regarding the requirement that they waive broker's fees for Vouchered Tenants as set out in paragraph 27. These monthly reports shall include the date that Compass applied each waiver, the amount of the fee that was waived, the full name and address of the waiver recipient, the number of fees waived to date, and the total monetary amount of fees waived to date. This reporting requirement shall expire upon submission of the report which includes the twenty-fifth waiver.

Communications

34. All notices, reports, requests, and other communications pursuant to this Assurance must reference Assurance No. 22-075, and shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery, express courier, or electronic mail at an address designated in writing by the recipient and shall be addressed as follows.

If to Compass:
Emily Bab Kirsch, Esq.
Kirsch & Neihaus PLLC.
950 Third Avenue, 19th Floor
New York, NY 10022
Phone and Email: 212-832-0170
<Emily.Kirsch@kirschniehaus.com>

If to the NYAG:
AAG Matthew S. Eubank
NYS Attorney General's Office
Brooklyn Regional Office
55 Hanson Place, Suite 1080
Brooklyn, NY 13202
Phone and Email: 718-560-2040
<Matthew.Eubank@ag.ny.gov>

or in his absence, to Michael Barbosa or any other person holding the title of Assistant Attorney General in Charge of the Brooklyn Regional Office

Effects of Assurance

35. Compass has agreed to this Assurance in settlement of the violations described above and to avoid the time, expense, and distraction of litigation. This Assurance is not intended, and should not be construed, as an admission of liability by Compass.

36. All terms and conditions of this Assurance shall continue in full force and effect on any successor, assignee, or transferee of Compass. Compass shall include any such successor, assignment, or transfer agreement a provision that binds the successor, assignee, or transferee to the terms of the Assurance. No party may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of the NYAG.

37. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

38. Any failure by the NYAG to insist upon the strict performance by Compass of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions hereof, and the NYAG, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Assurance to be performed by Compass.

Representations and Warranties

39. The NYAG has agreed to the terms of this Assurance based on, among other things, the representations made to the NYAG by Compass and their counsel and the NYAG's own factual investigation as set forth in Findings, paragraphs 4 through 17 above. Compass represents and warrants that neither

it nor its counsel has made any material representations to the NYAG that are inaccurate or misleading. If any material representations by Compass or its counsel are later found to be inaccurate or misleading, this Assurance is voidable by the NYAG in its sole discretion.

40. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by Compass in agreeing to this Assurance.

41. Compass represents and warrants, through the signatures below, that the terms and conditions of this Assurance are duly approved. Compass further represents and warrants that Compass, Inc., by Gordon Golub, as the signatory to this AOD, is a duly authorized officer acting at the direction of the Board of Directors of Compass, Inc.

General Principles

42. Unless a term limit for compliance is otherwise specified within this Assurance, Compass' obligations under this Assurance are enduring. Nothing in this Agreement shall relieve Compass of other obligations imposed by any applicable state or federal law or regulation or other applicable law.

43. Compass agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in the Assurance or creating the impression that the Assurance is without legal or factual basis.

44. Nothing contained herein shall be construed to limit the remedies available to the NYAG if Compass violates the Assurance after its Effective Date.

45. This Assurance may not be amended except by an instrument in writing signed on behalf of the Parties to this Assurance.

46. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the NYAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

47. Compass acknowledges that they have entered this Assurance freely and voluntarily and upon due deliberation with the advice of counsel.

48. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

49. The Assurance and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter.


50. This Assurance may be executed in multiple counterparts by the parties hereto. All counterparts so executed shall constitute one agreement binding upon all parties, notwithstanding that all parties are not signatories to the original or the same counterpart. Each counterpart shall be deemed an original to this Assurance, all of which shall constitute one agreement to be valid as of the Effective Date of this Assurance. For purposes of this Assurance, copies of signatures shall be treated the same as originals. Documents executed, scanned and transmitted electronically and electronic signatures shall be

deemed original signatures for purposes of this Assurance and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

51. The Effective Date of this Assurance shall be November 1, 2022.

Letitia James, Attorney General
of the State of New York
55 Hanson Place, Suite 1080
Brooklyn, NY 11217

Compass, Inc.,
90 Fifth Avenue, Third Floor
New York, NY 10011

By: 

Matthew S. Eubank
Assistant Attorney General

By: 

Gordon Golub
Regional Vice President

10/25/2022

Date

10/25/2022

Date