

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

LAKE CAROLINE, INC.; LAKE CAROLINE  
PROPERTY OWNERS ASSOCIATION, INC.,  
an AMERICAN REALTY SERVICE  
CORPORATION, and GEORGE S. CARROLL,

: Defendants.

)  
)  
)  
) CIVIL ACTION

) NO. CA-43269-R

)  
) COMPLAINT

) FILED

) OCT 13 1969

) CLERK, U. S. DIST. COURT  
) RICHMOND, VA.

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The United States of America, plaintiff, alleges:

FIRST CLAIM

1. This is an action brought by the Attorney General on behalf of the United States pursuant to Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601 et seq., and Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e et seq.

2. This Court has jurisdiction of the subject matter of this action under 28 U.S.C. 1345, 42 U.S.C. 2000e-6(b), and 42 U.S.C. 3613.

3. The defendant, Lake Caroline, Inc., is a corporation organized and existing under the laws of Virginia. This defendant owns certain real property in the vicinity of Ladysmith, Caroline County, Virginia,

which property is known as the Lake Caroline subdivision. The subdivision consists of approximately 1800 lots, which average approximately 15,000 square feet in size. This defendant is engaged in the development of a planned residential and recreational community at Lake Caroline and sells lots at Lake Caroline to the general public.

4. The defendant Lake Caroline Property Owners Association, Inc. (hereinafter the Property Owners Association) is a corporation organized and existing under the laws of Virginia. The membership of the Property Owners Association consists of the owners of lots in the Lake Caroline subdivision. In order to purchase a lot at the Lake Caroline subdivision, a person must be admitted to membership in the Property Owners Association, and the Property Owners Association passes on the qualifications of prospective purchasers.

5. American Realty Service Corporation is a corporation organized and existing under the laws of Tennessee and doing business in Virginia. This defendant is engaged in the development of residential and recreational communities of the same general character as the Lake Caroline subdivision in various parts of the United States. This defendant organized Lake Caroline, Inc., and the Property Owners Association, is their parent corporation, and controls their policies and practices.

6. George S. Carroll is the President of Lake Caroline, Inc. and of the Property Owners Association and a Vice-president of American Realty Service Corporation. This defendant is in charge of the development and sales promotion of the Lake Caroline subdivision. He resides in Caroline County, Virginia.

7. The Lake Caroline subdivision and the lots located thereon are dwellings within the meaning of 42 U.S.C. 3602(b).

8. The lots at the Lake Caroline subdivision are moderately priced and are within the means of persons of moderate income, including many Negroes. Of approximately 1100 lots sold to the present date, approximately 5 have been sold to Negroes.

9. The defendants follow a policy and practice of racial discrimination against Negroes with respect to the sale of lots in the Lake Caroline subdivision. This policy and practice has been implemented, among other ways, as follows:

(a) The defendants have solicited purchasers of lots at Lake Caroline subdivision among white persons, to the exclusion of Negroes, and have attempted to keep the number of Negro purchasers to a minimum;

(b) When the defendants' solicitation efforts have reached Negroes in spite of the policy described in subparagraph (a) of this paragraph, the defendants have inhibited and discouraged Negroes, by various means, from purchasing lots at the Lake Caroline subdivision;

(c) The defendants have instructed their employees to engage in various racially discriminatory practices, including in particular the use of special racial designations on records regarding prospective purchasers to assure that Negro purchasers will not be solicited;

(d) The defendants have awarded bonuses to their telephone solicitors for arranging house visits for their salesmen with white persons, but have not provided such bonuses when the persons for whom visits have been arranged have been Negroes; and

(e) The defendants have failed to take adequate affirmative steps to correct the continuing effects of their past and present discriminatory practices.

10. The great majority of the members of the Property Owners Association are white. The requirement that purchasers of lots at the Lake Caroline subdivision be approved by the Property Owners Association places a greater burden on Negroes than on white persons and therefore discriminates against Negroes on account of their race.

11. The conduct described in the preceding paragraphs constitutes a pattern and practice of resistance to the full enjoyment of rights secured by Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601 et seq.

#### SECOND CLAIM

12. Plaintiff repeats and realleges the allegations contained in paragraphs 1, 2, 3, 4, 5, and 6 of this complaint.

13. The defendants Lake Caroline, Inc. and American Realty Service Corporation each employ in excess of twenty-five persons. Each of these defendants is an employer within the meaning of 42 U.S.C. 2000e-(b), and each is engaged in an industry affecting commerce within the meaning of 42 U.S.C. 2000e-(b).

14. The defendants Lake Caroline, Inc. and American Realty Service Corporation follow a policy and

practice of racial discrimination against Negroes on account of their race with respect to their employment opportunities.

15. The policy and practice described in the preceding paragraph has been implemented by the defendants Lake Caroline, Inc. and American Realty Service Corporation, among other ways, as follows:

(a) Substantially all of the employees of Lake Caroline, Inc., except for laborers and persons in janitorial or related capacities, are white. The defendants Lake Caroline, Inc. and American Realty Service Corporation have excluded Negroes, on account of their race, from positions as salesmen, solicitors, public relations men, clerical assistants, and party hosts, and have reserved these positions for white persons;

(b) These defendants have directed their employees to discriminate against Negroes with respect to their employment opportunities and to exclude Negroes from jobs reserved for white persons; and

(c) These defendants have failed to take adequate affirmative steps to correct the continuing effects of their past and present discriminatory practices.

16. The conduct described in the preceding paragraphs of this Complaint constitutes a pattern and practice of resistance to the full enjoyment by Negroes of their right to equal employment opportunities without discrimination or distinction based on race. This pattern and practice is of such a nature and is intended to deny the full exercise of such rights.

WHEREFORE plaintiff prays for an order enjoining the defendants, their officers, agents, employees and successors, and all persons in active concert or participation with them from engaging in any racially discriminatory housing practice or employment practice, and from failing or refusing to take adequate affirmative steps to correct the effects of their past and present racially discriminatory practices, including but not limited to the solicitation of prospective Negro purchasers and employees and giving notice to the general public that they will afford all persons equal opportunities in employment and housing without discrimination based on race or color.

Plaintiff further prays for such other and further relief as the interests of justice may require,

together with the costs and disbursements of this  
action.

*John N. Mitchell*

JOHN N. MITCHELL  
Attorney General

*Jerris Leonard*

JERRIS LEONARD  
Assistant Attorney General

BRIAN P. GETTINGS  
United States Attorney

*Frank E. Schwelb*

FRANK E. SCHWELB  
Attorney  
Department of Justice

A true copy--Teste:  
Clerk, U. S. District  
Court.

*Wm. N. Buck*  
Deputy Clerk.



IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA

UNITED STATES OF AMERICA, )  
 )  
 ) Plaintiff, )  
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 )  
 ) v. )  
 )  
 ) LAKE CAROLINE, INC., ET AL. )  
 )  
 ) Defendants. )  
 )

CIVIL ACTION NO. CA-43269-R  
MOTION AND NOTICE OF MOTION  
FOR A PRELIMINARY INJUNCTION

**FILED**  
OCT 13 1969  
CLERK, U. S. DIST. COURT  
RICHMOND, VA.

TO: All defendants and their attorneys

The United States of America, plaintiff, respectfully moves this Court for a preliminary injunction in accordance with the prayer for relief in the Complaint. The grounds for the motion are set forth in the affidavits of Frank E. Schwelb, Montyne Fisher, Deborah Horner, Marian Kay Meyers, William Dieb Chamberlain and Ralph De Felice which are attached hereto and made a part hereof.

PLEASE TAKE NOTICE that the United States will bring this motion on for a hearing at a time and date to be set by the Court.

151  
BRIAN P. GETTINGS  
United States Attorney

151  
FRANK E. SCHWELB, Attorney  
Department of Justice

A true copy--Teste:  
Clerk, U. S. District  
Court.  
W. M. Rusk  
Deputy Clerk.

AFFIDAVIT

WASHINGTON )  
 ) SS  
DISTRICT OF COLUMBIA )

FRANK E. SCHWELB, being duly sworn, deposes and says:

1. I am an attorney with the Department of Justice and Chief of the Housing Section of the Department's Civil Rights Division. I make this affidavit in support of the application of the United States for a preliminary injunction in the case of United States v. Lake Caroline, Inc., et al., filed herewith.

2. During July of 1969, I was contacted by Deborah Horner, who had briefly worked for Lake Caroline's Wheaton office, and whose affidavit accompanies this motion.

Miss Horner advised in substance that while working at Lake Caroline a fellow employee, later identified as William Dieb Chamberlain, whose affidavit is also attached to the motion, advised her that Lake Caroline did not solicit Negroes to purchase lots, used a code system to designate suspected Negroes by marking their records

"Double-X," and provided bonuses to solicitors if they made appointments for public relations men with white persons but not if they made appointments with Negroes.

Miss Horner advised that she had checked the policy out with supervisory personnel, who confirmed it, and that she therefore quit her job.

3. A few days later, I prepared a memorandum to the Federal Bureau of Investigation requesting an investigation of possible violations of federal civil rights laws. Prior to receiving the report of the FBI, I was contacted by Marian Kay Meyers, who was then employed by Lake Caroline, and whose affidavit is also attached. Miss Meyers advised that after the FBI had come to investigate the allegations of discrimination, the "Code" for suspected Negroes had changed from "Double-X" to "2," "2" meaning not interested, and that her superiors had directed that all suspected Negroes should now be coded in this way as not interested. She also stated that two supervisors, Montyne Fisher and Diana Gideon, had told her of other discrimination by Lake Caroline, including discrimination in employment. Specifically, Miss Meyers had been told that there was a policy not to hire Negroes; that after the FBI investigated, Mr. Newell, the head of the Wheaton office, had called in the supervisors and had told them that one black girl should be hired so that she could be displayed to the FBI, but that this black girl would be fired a few weeks later. I personally interviewed both Miss Fisher and Miss Gideon on the telephone, and each confirmed the above account. They further advised that, after the Negro telephone solicitor was hired, a white employee went over her cards, recontacted the persons contacted by the Negro girl, and threw out the cards of those believed to be Negroes. An affidavit by Miss Fisher is also attached.

4. The Report of the FBI on its investigation includes, among other things, interviews with Robert Newell, supervisor of Lake Caroline's Wheaton office; George S. Carroll, President of Lake Caroline and a vice president of its parent corporation, American Realty Service Corporation, and Herndon P. Jeffreys, Jr., attorney for Lake Caroline. The Report shows that Mr. Newell advised interviewing agents that

The solicitors were instructed to mark name cards given to them for calling with a double "X" if they felt the caller might be a Negro. This was done because he had found out in the past that most Negroes could not afford the price of a lot, and it was not worth the time of the public relations men or the salesmen to contact them in an effort to sell, when 90 per cent of those previously contacted in this manner could obviously not afford the purchase price. It was also true of the past that when Negroes were invited in this fashion to attend the free dinner, they would accept and this would be the end of it. They were not interested in purchasing a lot in the beginning; all they wanted was a free meal.

The Report further shows that Mr. Carroll denied instructing Mr. Newell to make racial markings on the cards of prospective purchasers, and claimed that he did not know whether this was the practice or not. Mr. Jeffreys advised agents, however, that he had learned through conversation with Mr. Carroll that a code system was used to distinguish Negro prospects, as experience had shown that these people are not generally financially able to purchase property of this type and further expenditures on sales promotion are wasted. The Report

further shows that one of Lake Caroline's former salesmen, Martin Lee Greenberg, was instructed by supervisory or sales personnel that Lake Caroline was not looking for a person who owned a plush home or a thriving business, and who lived in an upper class or upper middle class area, but rather that the best prospect was the middle class government worker or working man who wanted a modest vacation retreat and was able to pay a small monthly sum on the installment plan.

5. Independently of this FBI investigation, this Division has been contacted by Captain Ralph De Felice, a dentist with the United States Air Force, who advised that a Lake Caroline public relations man had given him a detailed account of the company's five-step racially discriminatory policy, which began with discriminatory solicitation and ended with the use of a "vote of the membership" provision to screen out Negroes. Captain De Felice also advised that a senior salesman had, at least implicitly, confirmed the discriminatory policy. Captain De Felice's affidavit is also attached.

6. The Report of the FBI Investigation discloses that on August 29, 1969, Mr. Carroll advised interviewing agents 1,088 of approximately 1,800 lots at Lake Caroline had been sold, and that four Negroes had purchased a total of five lots. Lake Caroline is presently engaged in extensive advertising, including several full page advertisements in the newspapers in recent weeks. I believe that a preliminary injunction is needed so that all or most of the lots at Lake Caroline are not sold under what the United States alleges to be the defendants' racially discriminatory housing and employment policies,

and so that all or part of the case does not become moot.

*Frank E. Schwelb*

FRANK E. SCHWELB

Sworn to before me this  
9<sup>th</sup> day of October 1969

*Arthur M. Alquist*  
NOTARY PUBLIC

My Commission Expires January 14, 1972

A true copy—Tate:  
Clerk, U. S. District  
Court,  
*W. J. Tate*  
Notary Clerk



in charge.

3. There was also a rigid policy of racial discrimination in employment at Lake Caroline, and we were not allowed to hire Negroes. The hiring procedure was very informal, and no particular qualifications were required for most of the jobs; in fact, young girls like me who were college age became supervisors after a very few weeks. Mr. Marra told us, however, that we were not to hire black people. I recall that the applications of Negroes were marked with checkmarks to distinguish them from the others, and I think Mr. Marra told me that this was in case somebody came in to check. There were plenty of Negro job applicants, both in person and by phone, and plenty of vacancies as the turnover was quite high, but black people simply were not hired. On one occasion, a French Canadian or French speaking Negro couple came in to look for a job for the wife. I protested to Mr. Marra that the woman was highly educated and obviously qualified, and he admitted this, but said we could not hire her because of the policy.

4. There was an FBI investigation in August, 1969 of possible racial discrimination at Lake Caroline. At about that time, Mr. Newell called the supervisors (including myself) into the office and said that the FBI was on his back and that we would hire a black girl so that we would have one when they came back. He said he would fire the girl in a few weeks after the heat was off. He also



directed that the code used to identify probable Negroes on their cards would be changed from Double-X to 2.

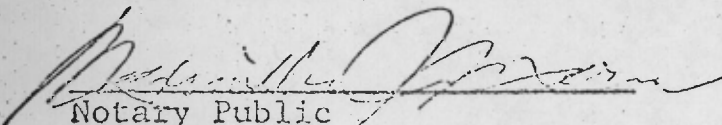
Code 2 was previously used for persons who were not interested in buying lots, so consequently all Negroes would be treated as uninterested, whether they were in fact interested or not.

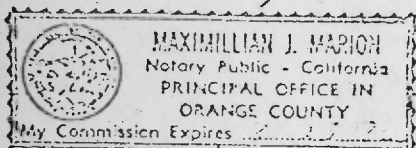
5. The discrimination against Negroes did not stop after the FBI investigation, nor was there any less of it. The only difference was that the code for black people was changed.

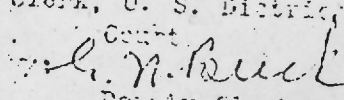
Montyne Fisher

State Of California  
County Of Orange

Sworn to before me Maximillian J. Marion a notary  
this 30 day of Sept 1969  
appeared Montyne Fisher whose name is subscribed  
to this instrument.

  
Notary Public



A true copy--Tate:  
Clerk, U. S. District  
Court  
  
Notary Clerk

AFFIDAVIT

STATE OF NEW YORK     )  
                                  )  
COUNTY OF ONONDAGA    )     SS

DEBORAH HORNER, being duly sworn, deposes and says:

1. I am a white girl, twenty years old, and a student at Syracuse University. During vacations, I live with my parents in Kensington, Maryland. I am making this affidavit to tell of my knowledge of racial discrimination by Lake Caroline, Inc. in the solicitation of purchasers of the lots which it offers for sale.

2. On or about July 18, 1969, I answered a newspaper want ad for telephone solicitors and went to the Lake Caroline office in Wheaton, Maryland. I had a very informal job interview and was accepted for employment beginning July 19, 1969.

3. On July 19, I was assigned the job of telephoning people to determine if they were willing to have a salesman come to their homes and describe properties which were on sale at Lake Caroline, Ladysmith, Virginia. I was given a set of cards with names and numbers, and proceeded to make the telephone calls.

4. That afternoon, I was working next to a young high school student whose first name I recall as Dion,

but whose full name, I have been told, is William Dieb Chamberlain. This boy remarked "Oh, another double-X," or words to that effect. I asked him what he meant, and he asked me if I had not been told the code yet. He said that Double-X meant probable Negro, and that we were not supposed to solicit Negroes, but rather to find polite ways of discouraging them. He said that he had been instructed that the cards of known Negroes should be thrown away or destroyed. The boy further said that the \$1.00 bonuses which solicitors received if they set up appointments for salesmen were not awarded if the appointments turned out to be with Negroes. Since I am opposed to racial discrimination, I was indignant, and I asked one of the supervisors of telephone solicitors, whose name I do not remember, if what the boy had said was true. She said it was. I therefore decided not to continue to work for Lake Caroline.

5. On July 21, 1969, I telephoned the office to tell them I was quitting. I advised the secretary, name unknown, who answered the phone that I would work for one more day, if they were depending on me, but that I did not wish to participate in discrimination against Negroes. The girl seemed very concerned and said many of the girls felt that way, that it was none of their doing,

and that the policy came from higher up. She left the phone to talk to the office manager, and then returned to tell me that this policy originated from the home office and that the people who were to live at Lake Caroline did not want any significant number of Negroes. I have had no further contact with Lake Caroline.

6. At the time I worked at Lake Caroline, I saw no Negro employed in any capacity.

7. Shortly after the incident, I was put in contact with the Civil Rights Division of the Department of Justice and related the facts as I knew them to one of the attorneys there.

X Deborah Horner  
DEBORAH HORNER

Sworn to before me  
this 30<sup>th</sup> day  
of September, 1969.

Shirley R. Davis  
NOTARY PUBLIC

SHIRLEY R. DAVIS  
Notary Public in the State of New York  
Qualified in No. 34-0881625  
By Commission Expires March 30, 1971

A true copy of the  
Clerk, U. S. District  
Court.  
W. H. Beck  
Deputy Clerk.

AFFIDAVIT

STATE OF MARYLAND            )  
  )  SS  
PRINCE GEORGES COUNTY    )

MARIAN KAY MEYERS, being duly sworn, deposes and says:

1. I am 20 years old, white, and a student at the University of Maryland. During vacations, I live with my parents in Kensington, Maryland. I am making this affidavit to tell about racial discrimination against Negroes at Lake Caroline, Inc., at Wheaton, Maryland, where I was employed during the summer as a telephone solicitor.

2. While I was employed at Lake Caroline, there was a general policy of avoiding contact with Negroes and of not soliciting them to purchase lots, to attend solicitation dinners, or to receive salesmen in their homes. When a person called by a telephone solicitor, <sup>was obviously black</sup> we were supposed to throw the card for that person away so that he would not be solicited, and if the person was believed to be Negro, we marked the card with a Double-X, to warn persons making further contacts. Telephone solicitors received bonuses for arranging appointments for salesmen with possible purchasers, but there was no bonus if the persons visited turned out to be Negroes. This policy was conveyed to me by several supervisors, including Diane Gideon, who said that she hated to do it but reconfirmed the policy after I

questioned it.

3. After the FBI investigated Lake Caroline's practices in August, the code was changed from double-X to 2. The 2 had previously meant that the prospect was not interested; now it was to include all suspected Negroes. At one time a note was circulated by the people in charge, probably by Mr. Robert Newell. I do not remember the exact content of the note, but it generally described the discriminatory policy. The next day the note was withdrawn and, I believe, destroyed, but our oral instructions were to continue to discriminate.

4. There were no Negro employees at the Wheaton office of Lake Caroline until the middle or end of August, except, possibly, a Negro janitor, although I do not recall seeing one. One of the supervisors, probably Diana Gideon, told me that Mr. Newell, the head of the office, had ordered after the FBI investigation that a black girl be hired so that there would be one when the FBI came back. I was told that Newell told the supervisors that the girl would be fired a few weeks later after the heat was off. The Negro girl was to be given special lists of names.

5. I left the employment of Lake Caroline on or about August 21, 1969, in part because I opposed the discriminatory practices. I told my mother about the matter, and she put me in touch with the Civil Rights Division of the Department of Justice.

Sworn to before me  
this 1st day of Oct 1969

Walter K. Riehl

Walter K. Riehl  
A true copy of the  
Oath, U. S. District  
Court  
Walter K. Riehl

AFFIDAVIT

STATE OF MARYLAND            )  
                                  )    SS  
PRINCE GEORGES COUNTY    )

WILLIAM DIEB CHAMBERLAIN, being duly sworn,  
deposes and says:

1. I am white, 17 years of age, and live in Silver Spring, Maryland. I am a junior at John F. Kennedy High School and work part time at Kenney's Shoe Store. During July and early August, 1969, I worked as a telephone solicitor at Lake Caroline, Wheaton, Maryland. I am making this affidavit to tell of the racial discrimination which was practiced at that office while I was employed there.

2. While I was working for Lake Caroline, potential purchasers of lots at the company's subdivision at Ladysmith, Virginia were recruited through a solicitation program. Telephone solicitors made calls to persons whose names were secured from directories, and we would ask them if they would be interested in attending a dinner at which slides about Lake Caroline would be shown, or if they would receive a salesman in their homes to tell them about the properties. I was part of the home visit solicitation program. It was the standard policy

of the operation, throughout the time I was there, not to solicit Negro purchasers and to discourage Negroes from attending dinners or from receiving salesmen in their homes. These policies were known to and required by Mr. Marra and Mr. Newell, who were in charge of the Wheaton office.

3. The code term for suspected Negroes at the Wheaton office while I was there was XX (Double-X), and cards made up for prospective purchasers were marked with a Double-X and subsequently discarded if the persons were more definitely believed to be black. When I made telephone calls to customers to make or confirm appointments, and I suspected that these customers might be Negroes, I was under instructions from a supervisor, Montyne Fisher, to make up some excuse and then to tear up the card, and this procedure was required no matter where the Negro lived or what his income level might be. There were no exceptions. I always carried out these instructions, and I passed them on to several girls working with me including one girl who only stayed for a day and whose name I have been told was Deborah Horner. Deborah asked one of the supervisors in my presence if such discrimination was in fact going on, and the supervisor said it was. Deborah then decided to quit.



4. In many instances, Negroes would be very friendly over the telephone and more willing than white people to have salesmen visit them in their homes, and this made the discriminatory policy particularly offensive to me. On one occasion, a Negro lady whom I called asked me if the company was prejudiced, and, in order to tell the truth, I had to tell her that it was and then had to tear up her card. This was very perturbing to me and I told a supervisor about it. I know that a very large number of Negroes were "double-Xed" by the procedures I have described, and were discouraged or prevented from having the opportunity to purchase a lot at Lake Caroline. I estimate that I had over thirty Negroes myself against whom I had to discriminate by throwing away or destroying their cards. One salesman said it was his practice, if he came to a home and saw that the person there was black, to ask for a fictitious person and leave when the occupant said no such person lived there.

5. The policy of not soliciting Negro purchasers was made formal by Lake Caroline's system of bonuses. A telephone solicitor received a \$1.00 bonus for every home appointment he or she made for a salesman, but no bonus was given if the person with whom the appointment was made turned out to be a Negro.

6. On one occasion, I attended a promotional dinner at the Holiday Inn in College Park, which was attended by about thirty-five people, including about eight Lake Caroline employees. Two Negroes tried to attend but they were turned away by the man running the dinner. I am sure this was done because of the Negroes' race. While the man who turned them away claimed that it was done because they were two males, rather than a family, I know that there was no such restriction in our solicitations generally. I was also told by one of the supervisors that if a Negro couple came to a dinner, they were often told that they were not scheduled that night.

x William Dieb Chamberlain  
WILLIAM DIEB CHAMBERLAIN

Sworn to before me this  
6<sup>th</sup> day of October 1969.

Howard T. Jarvis  
Notary Public  
COMMITTING MAGISTRATE,  
MONTGOMERY COUNTY, MARYLAND

A true copy - Testes  
Clerk, U. S. District  
Court  
W. H. Beck  
Notary Public

AFFIDAVIT

STATE OF MARYLAND                    )  
  )  SS  
COUNTY OF PRINCE GEORGES        )

RALPH DE FELICE, being duly sworn, deposes and says:

1. I am a Captain in the United States Air Force, and a dentist. I reside in Alexandria, Virginia. I am white. I make this affidavit to report what I know about racial discrimination in the sale of lots at Ladysmith, Virginia by Lake Caroline, Inc.

2. In January, 1969, my wife received a call from a Lake Caroline telephone solicitor asking whether we would be interested in having a public relations man come to our home and tell us about the Lake Caroline lots. She said we would, and a Lake Caroline employee came out to our house to show us literature and pictures. I do not recall this man's name, but the name on the gate pass which he sold us is that of Don Sullivan, and I therefore assume that this was the public relations man's name.

3. During the course of our conversation, Mr. Sullivan said Lake Caroline has a five-way system of checks to screen out Negroes from purchasing lots. First, the telephone solicitors are not supposed to encourage people they recognize as Negroes or suspect to be Negroes to have a salesman visit them. Second, if a public relations man visits a home which turns out to be occupied by Negroes, he is supposed to be polite but not to sell them a pass. Ordinarily, a prospective purchaser needs a pass to be admitted to a tour

of the grounds of Lake Caroline. Third, if the Negro family insists on a pass, the employee is to sell one to the family, but no attempt is made to encourage the Negro family to visit Lake Caroline. Fourth, if a Negro family comes down to Lake Caroline to look at the property, the salesman is to avoid giving the family the "hard sell" generally given to white persons. Finally, if all other steps are unsuccessful, all purchasers must be approved by a vote of the Property Owners Association. Mr. Sullivan said that the reason for this requirement is so that Negroes and other people who are deemed undesirable can be screened out. Mr. Sullivan stated that he probably should not have told me about the policy since he might get fired if it were discovered that he had done so.

4. My wife and I purchased a gate pass and went down to Lake Caroline to look at the property. While we were there, we spoke with two salesmen, who are identified on records I have retained as Mr. Kertsos and Mr. Simpson. One of these men appeared to be a supervisor of salesmen and the other a new junior salesman or trainee. I later spoke to the same senior salesman at the solicitation office at Springfield, Virginia, because I was considering working for Lake Caroline. When I told this senior salesman about my earlier conversation with the public relations man, he made no effort to deny that a discriminatory policy existed but appeared angry at Sullivan for the disclosure and indicated that he would investigate the matter and might fire the public relations man. It seemed to me from this supervisor's reaction

that he knew of the discriminatory policy and was irritated  
that it had leaked out.

Ralph D. Felice  
RALPH DE FELICE

Sworn to before me  
this 24 day of October 1969

D. W. ...  
NOTARY PUBLIC

A true copy  
Clerk, U. S. District Court  
E. M. Buck