Order due June 25

Judge notes REO facts

by [illegible] RICHARD

A federal judge has found that, with a few noteworthy exceptions, "It has been the clear, overt policy of Real Estate One not to differentiate in the treatment of salespeople, prospective sellers and prospective buyers by reason of race."

U.S. District Judge James Churchill this week revealed his findings of fact in the three-year-old case against one of Michigan's largest brokers in existing housing sales.

But his all-important order won't be issued until sometime after final arguments June 25 in the federal government's civil suit against REO on charges of bias in employment and housing sales.

REO was formed in 1970 by the owners of Elsea Realty & Investment Co., Gordon Williamson Co., Mather, Stevens and Martin, and Deremo and Son. It has five offices in Detroit, 22 in the suburbs, 460 salespersons and 150 salaried staff members.

CHURCHILL GAVE REO good marks for its company policies and especially high marks for its educational efforts on the "absolute necessity of compliance" with fair housing laws.

But the Detroit area's newest federal judge, who listened to 120 witnesses in a three-month non-jury trial last summer, found a number of instances where company policy either was not enforced or was not complied with. These concerned placement of black salespersons, steering of customers on a racial basis, and newspaper advertising.

'REO is probably the only real estate firm in the State of Michigan operating on a large scale in areas which are predominantly white as well as in areas which are predominantly black with a biracial sales force.'
—Judge James Churchill

He said the Farmington-based firm cooperated completely with a government investigation that began late in 1971, but that the government itself was "less candid" in disclosing what it intended to prove.

UNTIL THE SUIT was filed in 1972, he said, "it was the policy of the company to have all, or almost all, black salespersons assigned only to certain specified offices." He placed blame for this on Staunton Elsea, a company officer in charge of assignments.

At the time of the suit—"but not necessarily because of it"—it became the policy of the company to allow black salespersons to be assigned to any office.

The judge found that Staunton Elsea, in charge of office No. 6 in Detroit during 1971-72, continued "several racial practices," including keeping black salespersons out of white areas and black buyers away from white areas. "On occasions, he would forcibly remove selected listings from black salespeople's listing books."

Churchill found some evidence of use of special phone numbers for blacks in that office, but added:

"These practices have all been discontinued at office No. 6, and there is no showing that they were ever adopted in any other office, nor is there any likelihood of their reoccurrence."

ACTUAL SALES practices failed to conform to company policy in several cases, Judge Churchill found. Items:

• In Belleville in June, 1971, a black man named Benjamin White put a deposit on a vacant lot listed by REO and owned by Dr. William Reksham. Neighbors "panicked." REO vice president Carlos W. Deremo met with Dr. Reksham, the neighbors and an REO salesman one evening, attempted unsuccessfully to persuade Reksham the sale had to go through, then "washed his hands of the transaction and went home."

After midnight, the salesman completed the transaction between Reksham and a neighbor named Link. "White's deposit was returned to him by mail. The neighborhood remained white."

Churchill said the incident "demonstrates how far top management of REO did go in June, 1971 to avoid offending a predominantly white neighborhood."

• REO's general sales manager, William Y. Mathers, put up his home for sale in northwest Detroit's Rosedale Park in April, 1972 but didn't use the multi-listing.

Churchill accepted the explanation that the purpose was "to avoid the embarrassment of having the REO general sales manager's house sold by another real estate firm."

But while clearing Mathers, the judge found "an intentional concerted effort by salesperson Mary Jo Carr and others to avoid the risk of having the house shown or sold to a black family."

• In 1974, white salesman Fred Horton was told by his trainer, Bill Smith, "not to show a black prospect a home near Warren between Evergreen and Southfield because it was a 49-ish neighborhood."

• Joseph Savine, a white salesman in the Warren office in 1971-71, testified a "white salesperson retreated through the rear office door to avoid showing a black prospect a home in predominantly white Warren."

• In 1972, Kaatje Upstil, an experienced, white, real estate saleswoman, told Steven L. Danton, a white salesman assigned to the Lathrup Village office, that he should not sell a certain home in Lathrup Village to a black prospect, impliedly for racial reasons.

• In 1974, a white Oakland County resident named Ann Wettlaufer, acting as a "tester," was told by salesman Robert Webb in Lathrup Village that "she wouldn't want to live in the City of Detroit because it was almost all black, and he further discouraged her from becoming interested in homes in the south part of Southfield because of racial changes occurring in that area."

Churchill **added that when** REO learned of the incident **during the suit**, "it terminated its relationship with Webb."

• "In 1971 Paul Smith, a white salesman, virtually refused to show Marjorie Jones, a white prospect, a home between Greenfield and Southfield **because** it was a racially **changing neighborhood**."

THE MICHIGAN CHRONICLE, a weekly paper with a black audience, was used by REO to advertise "homes in the so-called 'changing areas' of northwest Detroit."

But Churchill found, "The policy is not pursued for the purpose of causing the racial composition of an area to change" but because it was the best way for the company to use its ad dollars.

"**OFFICERS OF REO** have taken leading roles" within the industry and its organizations in educating salespeople on the need to comply with fair housing laws," the judge found.

Daniel R. Williamson, vice president and secretary, worked with the Michigan Association of Realtors and Michigan Civil Rights Commission on such programs.

Williamson wrote a skit called "No, No, That Can't Be Done" in cooperation with the civil rights group, and the company used a slide program called "Winds of Change" to train its sales force on fair housing laws.

Concluding, Churchill said:

"REO is probably the only real estate firm in the state of Michigan operating on a large scale in areas which are predominantly white as well as in areas which are predominantly black with a biracial sales force."

Smoking ban in food stores

Gov. William Milliken has signed into law a bill to ban smoking in retail food stores.

The law (HB 4158), sponsored by State Rep. John Markes (D-Westland), takes effect 90 days after the Michigan Legislature adjourns, or about April 1977.

Milliken called it one of five bills he has endorsed to "protect the rights of the non-smoker as well as the smoker."

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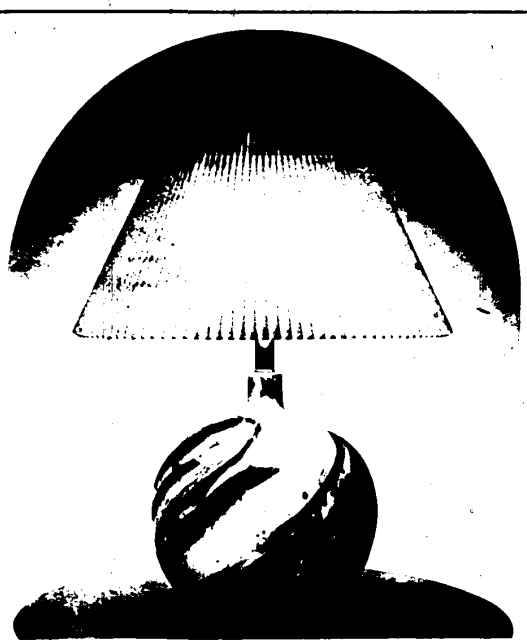

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