

Massachusetts Sober Homes owner who forgave rent for sex found liable for \$3.8 Million in damages

Defendant offered to forgive rent in exchange for engaging in sex acts or sending sexually explicit photographs

“BOSTON – The owner and operator of Steps to Solutions, Inc., a group of residential sober homes, has been found liable by a federal jury in Boston for sexual harassment of tenants.

Peter McCarthy, 51, of Lynn was found liable on May 17, 2024 for sexual harassment and retaliation in violation of the Fair Housing Act. Following a five-day trial, a federal jury awarded \$3.8 million in damages to seven identified victims who rented from McCarthy. In August 2021, the U.S. Attorney’s Office and the Justice Department’s Civil Rights Division filed a lawsuit alleging that McCarthy subjected tenants to sexual harassment in violation of the Fair Housing Act.

The jury award includes compensatory damages for the emotional harms the victims suffered as a result of McCarthy’s conduct as well as punitive damages to punish the defendant. The Justice Department also intends to seek a civil penalty against McCarthy to vindicate the public interest and a court order for injunctive relief to prevent McCarthy from, among other things, managing Steps to Solutions sober homes or having contact with residents or prospective tenants.

“This defendant preyed on vulnerable women in recovery from addiction and forced them to choose between his sexual demands and keeping a roof over their heads. Housing is a fundamental need and every person has the right to feel safe and secure in their own home. No one should be subjected to unwanted demands

for sex acts from their landlord,” said Acting United States Attorney Joshua S. Levy. “This case should send a powerful message to all landlords that there are severe consequences to sexually exploiting tenants.”

“Sexual harassment of tenants is abhorrent, and the department stands committed to holding housing providers accountable,” said Assistant Attorney General Kristen Clarke of the Justice Department’s Civil Rights Division. “We commend the survivors who came forward to testify about the heinous conduct that they experienced. This verdict sends a message that there is no place in our society for landlords who abuse their position of power to prey on vulnerable people.”

Since at least 2009 through 2021, McCarthy – the registered agent and sole officer of Steps to Solutions, Inc. – sexually harassed residents of his sober homes by offering to reduce or forgive rent, granting extra house privileges, or waiving security deposits in exchange for engaging in sex acts or sexually explicit photographs; and making unwanted sexual comments.

The Justice Department’s Sexual Harassment in Housing Initiative is led by the Civil Rights Division, in coordination with U.S. Attorneys’ Offices across the country. The goal of the initiative is to address and raise awareness about sexual harassment by landlords, property managers, maintenance workers, loan officers or other people who have control over housing. Since launching the initiative in October 2017, the department has filed 40 lawsuits alleging sexual harassment in housing and recovered over \$16.4 million for victims of such harassment.

Individuals who have information about this case can contact the U.S. Attorney’s Office by calling 617-748-3274, by emailing USAMA.victimassistance@usdoj.gov or by visiting the case webpage.

Acting U.S. Attorney Levy and AAG Clarke made the announcement today. Assistant U.S. Attorneys Gregory Dorchak, Michelle Leung and Eve Piemonte of the Civil Division handled the matter along with the Housing Section of the Justice Department's Civil Rights Division.

The Civil Rights Unit of the U.S. Attorney's Office was established in 2016 with the mission of enhancing federal civil rights enforcement. For more information on the Office's civil rights efforts, please visit www.justice.gov/usao-ma/civil-rights." -Massachusetts Department of Justice.