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**NEWS
RELEASE**

08/ 01/ 2024

City Resolves Lawsuit into Alleged Violations of Servicemembers Civil Relief Act

EL PASO, Texas—The City of El Paso is pleased to announce the resolution of the lawsuit involving United Road Towing Inc. (URT) and Rod Robertson Enterprises Inc. (RRE) via an agreed order negotiated with the Department of Justice (DOJ).

These investigations centered on alleged violations of the Servicemembers Civil Relief Act (SCRA) pertaining to the impoundment and auctioning of vehicles owned by servicemembers.

It has always been the City's position that RRE and URT are solely accountable for the violations, and that these contractors should bear any costs related to violations as under their contracts they agreed to indemnify the City and abide by all state local and federal laws. The City's assessed civil penalty will be paid by RRE and URT.

"We are pleased to have reached an agreement with the DOJ in this matter," said City Attorney Karla Nieman. "This resolution underscores our commitment to upholding federal laws protecting our servicemembers. This was particularly important to the City given the longstanding and close relationships we have with Fort Bliss, whose soldiers, family members, and veterans are considered an integral part of our community. We continue to work diligently to ensure that all contractual obligations are met and that proper procedures are followed."

In 2023, the City of El Paso, in cooperation with the DOJ, commenced investigations into practices conducted by URT and RRE regarding the impoundment and subsequent sale of vehicles belonging to servicemembers. Allegedly, these actions were undertaken without adherence to federal regulations outlined in the SCRA.

On May 18, 2023, the City was formally served, and subsequently, on December 12, 2023, the City made crossclaims against RRE and URT. These crossclaims outlined that RRE and URT are contractually obliged to defend and indemnify the City and sought to enforce that obligation. As part of the City's investigation, and to prevent any future issues from arising, the City amended its Abandoned Auto Unit Operations Manual in June 21, 2024, to include updated policies and procedures.

The City invited the DOJ to work with the City and Fort Bliss to better coordinate information about Servicemembers' deployment, the DOJ declined. Nevertheless, the City through its Office of Veteran and Military Affairs will continue to ask for input from the Army for best practices to protect soldiers' rights under the SCRA.

—more—



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As part of the investigative process, the City conducted an audit in conjunction with the El Paso Police Department and Internal Auditor. This audit was initiated following agreements entered into with the DOJ in October 2022, which suspended the statute of limitations to allow for thorough investigations.

During the investigation period, it came to light that certain vehicles of servicemembers had been improperly auctioned without following SCRA protocols. Upon discovery, the City immediately halted auctions where proper procedures were not observed.

Via the DOJ's lawsuit and the City's crossclaims, separate settlements with URT and RRE were reached.

URT will compensate about \$58,000 in damages to 50 affected servicemembers from May 20, 2019, to June 11, 2023, and pay a civil penalty of about \$25,000.

RRE will provide about \$140,000 in damages to 122 affected servicemembers from January 1, 2015, to April 15, 2019, and pay a civil penalty of about \$20,000.

During this process, the City incurred about \$130,000 in legal fees and expenses. The City is now working to resolve its crossclaims against RRE regarding reimbursement of these legal fees, seeking RRE's proportional share of these legal costs fees and expenses based on each vendor's proportional responsibility for the vehicles auctioned without following SCRA guidelines.

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