

UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF HEARINGS AND APPEALS

In the Matter of:

IMPRO SYNERGIES LLC,

Respondent.

24-JM-0383-CM-022

March 12, 2026

**ORDER GRANTING PARTIAL SUMMARY JUDGMENT**

This matter arose from a *Complaint for Civil Money Penalties* (“Complaint”) filed by the United States Department of Housing and Urban Development (“HUD” or “the Government”) seeking an award of civil money penalties against Impro Synergies LLC (“Respondent”) pursuant to 42 U.S.C. § 1437z-1 as implemented by 24 C.F.R. part 30. The *Complaint* alleges that civil money penalties in the amount of \$6,083,632 should be imposed against Respondent for one hundred forty-two (142) counts of material violations of a Housing Assistance Payments (“HAP”) contract with HUD.<sup>1</sup> Specifically, HUD claims Respondents knowingly failed to provide decent, safe, and sanitary housing units.

On July 3, 2025, HUD filed the *Government’s Motion for Summary Judgment on All Counts* (“Motion”) on the basis that there is no genuine dispute that Respondent knowingly failed to maintain units in a decent, safe, and sanitary condition thereby breaching its obligations under the HAP contract. HUD asserts that there is also no genuine dispute that the facts justify the full penalty sought because Respondent shared an identity of interest with the former owner of Glorieta Gardens Apartment (the “Project”) at the time relevant to the *Complaint*. HUD further asserts that Respondent participated in a pattern of neglect and self-dealing that culminated in the abatement of the HAP contract at the Project and displacement of the residents. As such, HUD requests that the Court find that (1) Respondent knowingly and materially breached the HAP contract; (2) Respondent is liable as the identity of interest manager; and (3) assess a penalty of \$6,083,632.<sup>2</sup>

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<sup>1</sup> The *Complaint* was filed against Glorieta Partners Ltd. (former Respondent and former Owner of Glorieta Gardens Apartments) and Respondent for \$6,758,632 in civil money penalties. Glorieta Partners Ltd. settled with the Government in February 2025 for \$675,000. HUD seeks to hold Respondent liable for the balance of \$6,083,632.

<sup>2</sup> While the matter was pending, a lapse in appropriations occurred that resulted in the closure of this Court from October 1, 2025, to November 13, 2025. Due to this closure, a *Notice and Stay of Proceedings* was issued on October 1, 2025, staying all matters pending before this Court, including the instant matter. The stay was lifted on November 19, 2025.

In response to the *Motion*, Respondent disputes the identity of interest determination, specifically that the former owner had an ownership interest in Respondent, and two of the penalty factors to determine the civil money penalty amount.<sup>3</sup>

### **LEGAL FRAMEWORK**

Hearings concerning the application of civil money penalties are conducted in accordance with procedures set forth at 24 C.F.R. part 26, subpart B. See 24 C.F.R. §§ 30.1 and 30.95.

**Civil Money Penalties.** HUD is authorized to impose civil penalties against any owner, general partner, or identity of interest agent of a property receiving project-based assistance under Section 8 of the United States Housing Act of 1937. 42 U.S.C. §§ 1437f, 1437z-1(b)(1); see also 24 C.F.R. § 30.68. An entity is an “identity of interest agent” if the entity: (1) has management responsibility for the project; (2) in which the ownership entity, including its general partner or partners (if applicable), has an ownership interest; and (3) over which the ownership entity exerts effective control. 24 C.F.R. § 30.68(a).

A civil penalty may be imposed against such parties for the knowing and material breach of a HAP contract. 42 U.S.C. § 1437z-1(b)(2). “Knowing” is defined as “having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions” under 42 U.S.C. § 1437z-1. Id. at § 1437z-1(h)(2) and 24 C.F.R. § 30.10. A breach may be material if it has “the natural tendency or potential to influence, or when considering the totality of the circumstances, in some significant respect or to some significant degree.” 24 C.F.R. § 30.10.

The failure to provide decent, safe, and sanitary housing in good repair is considered a violation of a HAP contract. 42 U.S.C. § 1437z-1(b)(2). HUD regulations set forth the physical condition standards that housing must meet to be considered decent, safe, sanitary and in good repair. 24 C.F.R. § 5.703. These standards, which are more specifically described further in this Decision, pertain to the major areas of HUD housing such as a property’s common areas and individual dwelling units. Id.

HUD may review projects at any time to ensure compliance with the HAP contract and program requirements. 24 C.F.R. § 886.318(c). For knowing and material breaches of the HAP contract, HUD may seek a maximum penalty of \$47,596. 24 C.F.R. § 30.68(c) (as amended by 89 Fed. Reg. 13616 (Mar. 25, 2024)).

**Summary Judgment.** Pursuant to 24 C.F.R. § 26.32(l), this Court is authorized to “decide cases, in whole or in part, by summary judgment where there is no disputed issue of

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<sup>3</sup> Respondent submitted a pro se *Opposition to Government’s Motion for Summary Judgment on all Counts and Request for Oral Argument* (“*Opposition*”) on September 26, 2025. The *Opposition* was amended, with the Court’s permission on December 2, 2025, after Respondent obtained new counsel. However, rather than simply amending its *Opposition* as requested and granted, Respondent requested that the *Amended Opposition* be treated as a cross-motion for summary judgment. Dispositive motions were due five months prior to Respondent’s submission. Therefore, it is untimely as a dispositive motion and will only be considered as a supplement to the *Opposition*. Subsequent briefing submitted by the parties are similarly treated as supplements to prior filings for and against the *Government’s Motion for Summary Judgment on All Counts*.

material fact.” The Court may exercise its discretion in application of Rule 56 of the Federal Rules of Civil Procedure. 24 C.F.R. § 26.40(f)(2).

Summary judgment is appropriate where no genuine issue of material fact exists, and the moving party is entitled to judgment as a matter of law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986); Fed. R. Civ. P. 56(a); see also Dupree v. Younger, 598 U.S. 729, 736 (2023) (stating that motions for summary judgment may be denied either “because the facts are genuinely in dispute” or “because the law does not support the movant’s position”). A “genuine” issue exists when “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” Anderson, 477 U.S. at 249. Additionally, a fact is not “material” unless it affects the outcome of the suit. Id.

HUD, as the moving party, bears the burden of demonstrating the absence of any material issues of fact. Id. at 256. To meet this burden, HUD must: (i) cite to materials in the record; or (ii) show the cited materials do not establish the presence of a genuine dispute. Fed. R. Civ. P. 56(c). In reviewing a motion for summary judgment, the Court’s function is not to resolve any questions of material fact, but to ascertain whether any such questions exist. In re Beta Dev. Co., HUDBCA No. 01-D-100-D1, at \*12 (February 21, 2002). Once the moving party has met its burden, the nonmoving party must come forward with “specific facts showing that there is a *genuine* issue for trial.” Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586-87 (1986) (emphasis added) (citing Fed. R. Civ. P. 56(e)).

### **DISCUSSION**

HUD moves for summary judgment claiming there is no dispute that (1) Respondent was the identity of interest management agent responsible for the Project at all relevant times; (2) the conditions at the Project failed to meet HUD’s housing quality standards thereby breaching the HAP contract; and (3) the breaches were knowing and material.

As the moving party, HUD bears the burden of demonstrating the absence of any genuine issue of material fact. See Anderson, 477 U.S. at 256. Once that burden is met, the nonmoving party must come forward with “specific facts showing that there is a genuine issue for trial.” See Matsushita Elec. Indus. Co., 475 U.S. at 586–87 (quoting Fed. R. Civ. P. 56(e)).

HUD has met its initial burden. HUD submitted extensive evidence that includes: a statement of material facts not in dispute; copies of the HAP contracts; email communications; transcripts from depositions; a copy of a 2023 management and occupancy review; documents regarding other proceedings that Respondent was a party; copies of work orders; sworn affidavits; organizational and financial documents; and photographs of the units and subject property just to name a few. Upon review of the exhaustive record compiled thus far, the Court finds that the vast amount of the evidence supports the material facts alleged in the *Complaint* and cited in HUD’s *Motion*.

Conversely, Respondent disputed facts with surface level information and contradicted certain details of the facts without addressing the implication of the fact. Respondent also challenged the statutory interpretation of ownership interest to fulfill the elements of identity of interest. This argument challenges the legal sufficiency of HUD’s case, not the factual record

and Respondent has failed to produce evidence that would rebut HUD's claims. As addressed below, the facts establish that Respondent shared an identity of interest with the former owner of the Project and knowingly failed to maintain the units at the Project in decent, safe, and sanitary condition.

## **I. Facts Not in Dispute**

The Court finds the following facts are not genuinely in dispute after review of the record. Facts not discussed are omitted because they lack materiality or importance to this ruling.

### **A. The Project, Respondent, and related entities**

#### **1. Glorieta Gardens Apartments**

The Project is a 330-unit apartment complex located at 13180 Port Said Road in Opa-Locka, Florida. The Project received project-based assistance from HUD under Section 8 of the United States Housing Act of 1937, 42 U.S.C. § 1437f, pursuant to a HAP contract until April 30, 2024.

The Project was owned by Glorieta Partners Ltd. at the relevant time and Respondent managed the Project. Dilip Barot, founder and owner of Respondent, approved Respondent's maintenance hires at the Project and oversaw the hiring of and management of other personnel. Mr. Barot also oversaw the preparation for the Real Estate Assessment Center inspection and how Respondent responded after failing. Naimisha "Gopi" Barot, Mr. Barot's wife, and Yash Pal Kakkar, the Creative Choice Homes Group Chief Financial Officer, approved all financial transactions for Respondent at the Project. Mrs. Barot likewise directed and supervised tasks such as purchasing phones for Respondent's office at the Project and soliciting bids for construction contracts.

#### **2. Impro Synergies LLC**

Respondent is a Florida limited liability company and has served as the management agent of the Project since January 1, 2021. Respondent's principal place of business is 8895 North Military Trail, Suite 206E, Palm Beach Gardens, FL 33410 and phone number is 561-627-7988. Respondent only manages Creative Choice properties amounting to 18 Creative Choice properties across multiple states, one of which receives subsidies directly from HUD through Project based Section 8 vouchers.

Respondent has three members: Jatha LLC (99.99% owner); Jeff Staley (0.01% owner); and James Brown (manager). Mr. Staley was also the Director of Operations for Respondent. Mr. Kakkar signed the 2011 Articles of Incorporation for Respondent and is identified as an authorized representative of a member of Respondent. Additionally, Kenneth Weiss and Mrs. Barot are the only two authorized signatories on Respondent's bank accounts.

### 3. Entities related to the Project and Respondent<sup>4</sup>

The following entities are related to the Project and Respondent through common ownership, and shared places of business or phone number, among other things that warrant further explanation.

#### a. Glorieta Partners Ltd.

Glorieta Partners Ltd. (“Glorieta Partners”) is a Florida limited partnership and former owner of the Project. It was a partnership with two partners, Glorieta LLC (general partner) and New Vision Glorieta, LLC (managing partner), and one limited partner, R4 GL Acquisition LLC. Glorieta LLC had an ownership interest of 0.0049% in Glorieta Partners. New Vision Glorieta, LLC had an ownership interest of 0.0051% in Glorieta Partners. R4 GL Acquisition LLC (“R4”) had an ownership interest of 99.99% in Glorieta Partners.

After HUD issued its *Notice of Abatement* terminating the HAP contract, R4 removed the two general partners owned and controlled by the Barots, Glorieta LLC and New Vision Glorieta, LLC, and installed a new general partner, its wholly-owned subsidiary, R4 GGOL GP, LLC.

Mr. Kakkar regularly signed Annual Reports filed with the State of Florida on behalf of Glorieta Partners.

#### b. Glorieta LLC

Glorieta LLC, former general partner of Glorieta Partners, is a Florida limited liability company and its principal place of business is 8895 North Military Trail, Suite 201E, Palm Beach Gardens, FL 33410, which is the same building as floor as Respondent. Glorieta LLC has the same phone number as Respondent and is wholly owned and controlled by Mrs. Barot. NB Holdings Management, a company also owned by Ms. Barot, was added as the managing member of Glorieta LLC in 2014 and shares the same address as Glorieta LLC. Mrs. Barot signed the Articles of Amendment in 2014.

Mr. Kakkar regularly signed Annual Reports filed with the State of Florida on behalf of Glorieta LLC.

#### c. New Vision Glorieta, LLC

New Vision Glorieta, LLC, former managing partner of Glorieta Partners, is a Florida limited liability company and shared a principal place of business with Glorieta LLC and NB Holdings Management from 2018 through 2023. Mr. Weiss is registered with the Florida Secretary of State as the “manager” of New Vision Glorieta, LLC. New Vision Glorieta, LLC also has the same phone number as Respondent and Glorieta LLC. New Vision Housing

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<sup>4</sup> Although not identified as respondents in this matter, the following corporate entities are closely related to Respondent and these facts are relevant to HUD’s claim that Respondent shares an identity of interest with the former Owner, Glorieta Partners Ltd.

Foundation, Inc., a Florida not for profit corporation, wholly owns New Vision Glorieta, LLC and Mr. Staley was the asset manager for New Vision Housing Foundation, Inc.

d. Jatha LLC

Jatha LLC is a Florida limited liability company and shares a principal place of business with Glorieta LLC, NB Holdings Management, and New Vision Glorieta LLC. Parth Patel (99.99% member) and Mr. Staley (0.01% member) are the managing members of the company.

Jatha LLC shares the same phone number as Respondent, Glorieta LLC, and New Vision Glorieta LLC. Mr. Barot is listed next to “Partner’s or LLC Member’s Name” on the 2021-2024 tax returns of Respondent’s parent entity, Jatha LLC. Mr. Kakkar also signed the 2020-2024 tax returns for Jatha LLC, as the “partnership representative.”

e. Creative Choice Homes II, Ltd.

Creative Choice Homes II, Ltd (“CCH II”), an affiliate of Glorieta LLC, sold the Project to Glorieta Partners in 2015. At the time of the sale, the general partner of CCH II was Creative Choice Homes II, LLC. Mr. Barot was the owner and sole member of Creative Choice Homes II, LLC. Mr. Kakkar signed the agreement for sale of the Project on behalf of CCH II, identifying himself as the manager of Creative Choice Homes II, LLC.

CCH II advanced \$8.3 million through a note payable to Glorieta Partners to acquire the Project. The note remains unpaid.

f. Naimisha Construction, Inc.

Glorieta Partners Ltd. entered into a contract with Naimisha Construction, Inc., an affiliate of Glorieta LLC, to provide construction and repair work related to rehabilitation of the Project. As of December 31, 2022 and 2021, Naimisha Construction, LLC is owed \$630,365.

g. Optimal Construction, LLC

Optimal Construction, LLC (“Optimal Construction”) is a Florida limited liability company and has its place of business at 8895 North Military Trail, Suite 202E, Palm Beach Gardens, FL 33410, which is the same building and floor as Glorieta LLC, Jatha LLC, New Vision Glorieta LLC, and NB Holdings Management. Glorieta Partners Ltd. entered into a contract with Optimal Construction, affiliate of Glorieta LLC, to provide repairs to the Project as a result of a flood in 2020. The total contract was for \$1,468,196. As of December 31, 2022 and 2021, \$959,435 remains unpaid. Mr. Kakkar is registered with the Florida Secretary of State as the authorized signatory for Optimal Construction.

h. Globe-Op Development, LLC

Globe-Op Development, LLC is a property development company owned and controlled by Ms. Barot through Globe-Op, LLLP (manager), and Globe-Op, Inc. (general partner). Globe-

Op, Inc. is a Florida corporation and shares a principal place of business with Glorieta LLC, Jatha LLC, NB Holdings Management, and New Vision Glorieta LLC. Ms. Barot is listed as the president and secretary of Globe-Op, Inc.

On September 1, 2015, Glorieta Partners and Globe-Op Development, LLC entered into a Development Agreement to develop, construct, own, maintain, and operate the Project and Glorieta Partners agreed to pay a development fee of \$7,496,211. Mr. Weiss signed the agreement as President of New Vision Glorieta, LLC and New Vision Housing Foundation, Inc. on behalf of Glorieta Partners. Ms. Barot signed the agreement as President of Globe-Op, LLLP and Globe-Op, Inc. on behalf of Globe-Op Development, LLC. As of December 31, 2022, the development fee was \$11,131,958, including accrued interest.

i. Creative Choice Homes Group

Creative Choice Homes Group (“CCG”) is a successful US-based investment and development company involved in private real estate investment and development. It was founded in 1984 and employs 3,500 professionals. Over the years, CCG has acquired or developed over 40 properties, totaling 20 million square feet. Mr. Barot is the boss of CCG.

Laura Pinero signs documents as “general partner” on behalf of many entities within CCG, yet she does not know who is in charge of the entities, who owns the entities, does not take on additional duties, and she is not the head of the companies for which she signs documents. CCG identifies its address as 8895 North Military Trail, Suite 201E, Palm Beach Gardens, FL 33410, the same address as Glorieta LLC, Jatha LLC, NB Holdings Management, New Vision Glorieta LLC, and Globe-Op, Inc. CCG has the same phone number as Respondent, Glorieta LLC, New Vision Glorieta LLC, and Jatha LLC. Mr. Kakkar has been identified as an officer, manager, or authorized representative on filings within the State of Florida for multiple other entities owned and controlled by the Barots.

**B. Project based assistance and the HAP contract**

In 1993, HUD and the Project’s then-owner, CCH II, entered into HAP contract FL29-E000-012 for the Project. On September 25, 2015, Glorieta Partners agreed to be bound by the physical conditions that must be met by all housing assisted under the project-based Section 8 program by signing the Assignment Agreement that amended the HAP contract. See 24 C.F.R. § 5.703.

Pursuant to the HAP contract, HUD’s assistance payments are conditioned on the Owner complying with HUD’s regulations and program requirements for the administration of project-based rental assistance.

**C. History of issues at the Project prior to HUD’s January 29 through February 1, 2024, onsite review**

The Project faced numerous issues prior to HUD’s onsite review in January 2024. Flooding events occurred at the Project in 2020 and 2021 due to the Project being below sea

level. On June 25, 2022, a child fell from the second floor of one of the buildings because of a missing railing and the child was taken to the hospital. The railing was fixed, but similar railing issues across the property were not addressed. And, in 2023 and early 2024, multiple local news media extensively reported on the conditions at the Project asserting that the Project needed immediate attention due to the deplorable issues that residents faced every day.

### 1. The City of Opa-locka

In June 2023, the City of Opa-locka informed HUD that the Project was at risk of water shut off due to an unpaid water bill of half-million dollars. The city and Respondent negotiated the outstanding water bill through at least February 2024, during which time the unpaid bill grew to one million dollars.

On July 13, 2023, the City of Opa-locka and the office of U.S. Congresswoman Frederica S. Wilson hosted a town hall for residents to discuss their concerns at which more than fifty residents reported issues of leaks, plumbing and sewer problems, mold, and pest infestation.

In late August 2023, the City of Opa-locka's city manager informed Mr. Staley of numerous issues. In particular, city inspectors found and documented unlicensed workers painting over mold, plastering over rebar, placing temporary filler in the open cracks in columns and foundations, and installing sidewalks and sewer lines without a permit from the city. On August 24, 2023, the City of Opa-locka "red tagged" or condemned all units in building 8 due to the physical conditions such as mold and mildew. Respondent then requested HUD's assistance to pay relocation fees for the tenants.

### 2. Management and Occupancy Review

On December 18, 2023, HUD sent a Management and Occupancy Review ("MOR") to Mr. Staley to report the results of the review conducted on April 10-14, 2023. The report found that preventative maintenance was not effectively implemented and as a result, the Project was not decent, safe, sanitary, and in good condition.

### 3. Miami-Dade County Division of Environmental Resources Management

In late December 2023, the Miami-Dade County Division of Environmental Resources Management ("DERM") brought a case against Glorieta Partners and its owners and affiliated individuals for civil penalties and injunctive relief stemming from pervasive sewage and drainage issues. The complaint specifically alleges that inspectors noticed overflowing raw sewage on twenty-five separate occasions and a large excavation trench on five separate occasions. The parties settled the matter in February 2024. In addition to obligations to remediate the affected areas, Defendants agreed to pay administrative costs and penalties totaling \$163,845, and \$55,520 for an unpaid civil penalty, continuing violations penalties, and surcharges in connection with violation notices issued by DERM.

#### **D. HUD's January 29 through February 1, 2024, onsite review**

HUD conducted an onsite review of the property January 29 – February 1, 2024. HUD reviewed eight of the nine buildings on the property because Building 8 was condemned prior to HUD's visit due to its horrific conditions. The onsite review uncovered a slew of serious deficiencies that jeopardized the health and safety of each resident including: water infiltration; mold; vermin infestation; unsafe/broken/damaged electrical systems; unsafe/broken/damaged railings; broken/damaged/missing bathroom fixtures; broken/damaged/missing smoke detectors; broken/damaged/missing refrigerator/oven; broken/damaged/missing light fixtures; broken/damaged/missing doors; and unsafe/inadequate fencing, storm drainage, and refuse disposal.

HUD observed multiple issues in 132 units and 10 issues around outside areas amounting to 142 counts which is the basis for this *Complaint*.<sup>5</sup> Each unit had two to seven issues that were noted. Many of the issues were longstanding and led to more problems for tenants.

For example, smoke detectors throughout the units were inoperable or missing. Refrigerators did not have properly working seals. Cabinets were rotted from water damage and one unit had mushrooms growing out of the ceiling. Stove burners were missing and some ovens did not function.

From roach and vermin infestations to numerous trip hazards in the cracked tiles and peeling surfaces, these are a couple of the issues that tenants faced on a daily basis. Several units with stairs showed evidence of deterioration. Ceilings had termite damage. Walls, ceilings, and stairs were soft from water damage. The water damage led to rampant mold in almost all of the units.

There was also evidence that mold had been painted over in the bathroom and kitchen. Sinks were clogged or not draining. Active leaks in the ceiling or bathroom faucets could not be turned off. A few units had low water pressure. Toilets continuously ran in some bathrooms.

Light fixtures did not work or were missing with electrical wires on display. Air conditioner units did not properly function, if at all, and thermostats did not control the temperature. Closet doors were broken and off the hinges.

Electrical outlets were loose or unsecured. Live wires were exposed. Drywall and ceiling repairs were substandard. Electrical panels were inaccessible because they had been sealed or painted shut. Pipes were unsealed and unsecured.

The seal on doors deteriorated to the point that the door did not close properly. Balcony railings were rusted and deteriorated. Glass on the sliding glass door was shattered and others did not lock.

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<sup>5</sup> Building 1 had 12 violations. Building 2 had 9 violations. Building 3 had 14 violations. Building 4 had 31 violations. Building 5 had 10 violations. Building 6 had 13 violations. Building 7 had 39 violations. Building 9 had 4 violations. The outside areas including a trench, drainage/plumbing, guardrails, and the back gate had 10 violations. These 142 violations amount to over 650 issues that HUD noticed during the onsite review.

The outside areas were just as hazardous as the units. Near building 9, a large trench was filled with water and debris and contained pools of contaminated soil and raw sewage. The trench had no fencing to prevent entry, and the sewer pipe was fully exposed. The storm water drainage system and sewerage cleanouts were inoperable or insufficient. The failure to maintain the drainage system caused or exacerbated flooding of the grounds and many first-floor units with storm water and sewage through the late summer and fall of 2023. Additionally, the DERM complaint and stipulation acknowledges these issues.

The guardrails and handrails on exterior walkways were rusted, corroded, loose, and in disrepair throughout the Project. Both posed a safety hazard. The back gate to the property was unsecure, surrounding pavement was destroyed, and fencing did not provide a sufficient barrier to entry from outside the Project.

The work order history shows that residents reported many, if not all, of these issues to maintenance, but the issues were haphazardly repaired or marked as complete without completing the work. One tenant reported that many of the issues are over a year old. Another tenant moved into the unit with existing issues that had still not been fixed six months later.

#### **E. HUD contact with Respondent after the onsite review**

In March, HUD visited the Project again and identified numerous urgent issues that Respondent failed to resolve. In late March, HUD advised Respondent that it was in default of the HAP contract and Respondent failed to address the specific issues cited by HUD. Therefore, HUD abated the HAP contract, removed the Project from the Section 8 program, and offered tenants relocation vouchers to find new homes.

### **II. HUD is entitled to partial summary judgment.**

HUD claims summary judgment for the Government on all counts is appropriate because Respondent was the identity of interest management agent responsible for the Project and failed to maintain HUD's housing quality standards thereby breaching the HAP contract. HUD further claims that Respondent knew about the failures, the failures were material, and the penalty factors support a maximum penalty.

#### **A. Respondent is the identity of interest management agent of Glorieta Partners.**

HUD claims there is no dispute that Respondent and Glorieta Partners, former owner of the Project, share an identity of interest because they were owned and controlled by the same individuals, Mr. and Mrs. Barot, as part of the Creative Choice Homes corporate family.

Civil money penalties may be assessed against any owner of a property receiving project-based assistance under Section 8, any general partner of a partnership owner of the property, and any agent employed to manage the property that has an identity of interest with the owner or the general partner of a partnership owner of the property. 42 U.S.C. § 1437z-1(b). The three components of an identity of interest entity by definition include: (1) that an entity has

management responsibility for a project; (2) in which the ownership entity, including its general partner or partners (if applicable) has an ownership interest, and (3) over which the ownership entity exerts effective control. 24 C.F.R. § 30.68(a).

1. Respondent has management responsibility of the Project.

It is not disputed that Respondent had management responsibility for the Project. Respondent oversaw the day-to-day operations of the Project and had on-site representatives, including office staff and maintenance workers. Accordingly, the Court finds this element is met.

2. Glorieta Partners had ownership interest in Respondent.

HUD claims Glorieta Partners and Respondent share an identity of interest because both are ultimately owned and controlled by the Barots. Respondent vehemently denies that Glorieta Partners or its general partners had an ownership interest in Respondent.

An “ownership interest” is any direct or indirect interest in the stock, partnership interests, beneficial interests (for a trust) or other medium of equity participation. 24 C.F.R. § 30.68(a). An indirect interest includes equity participation in any entity that holds a management interest (e.g., general partner, managing member of an LLC, majority stockholder, trustee) or minimum equity interest (e.g., a 25% or more limited partner, 10% or more stockholder) in the ownership entity of the management agent. 24 C.F.R. § 30.68.

It is undeniable that Mr. Barot is listed next to “Partner’s or LLC Member’s Name” on the 2021-2024 tax returns of Respondent’s parent entity, Jatha LLC, which is an indirect ownership interest in Respondent. Moreover, in court proceedings in which Respondent was a party, it was stipulated that Respondent and two Creative Choice Group entities were “affiliates” of each other and the court found that “Dilip Barot ... founded and controls Counterdefendant Impro Synergies, LLC.” See Creative Choice Homes XXX, LLC v. Amtax Holdings 690, LLC, No. 8:19-CV-1903-TPB-AAS, 2022 WL 1014063, at \*1, and n.3. (M.D. Fla. Apr. 5, 2022).

The Barots owned and controlled Glorieta Partners and Respondent through shell companies and employees of CCG. The Barots controlled these entities through Glorieta Partners, Glorieta LLC, and New Vision Glorieta LLC. It is undisputed that Glorieta Partners was organized as a partnership with two partners: Glorieta LLC, 100% owned by Mrs. Barot, and New Vision Glorieta, LLC. The Barots were also able to control these entities through multiple employees. For example, Mr. Staley was associated with CCG, employed by New Vision Housing Foundation, a member of Respondent, and reported to the Barots. Moreover, Mr. Kakkar is employed by CCG, controlled the finances of Respondent, and signed numerous documents on behalf of other entities for the Barots. Through these employees and others, the Barots controlled Glorieta Partners, Respondent, and the Project.

Also, Mr. Barot and Mrs. Barot’s ownership interest in Glorieta Partners and Respondent may be attributed to each other as spouses. See Management Agent Handbook 4381.5 Rev-2 at 2.3 (stating “Any ownership, control, or interest held or possessed by a person’s spouse, parent,

child, grandchild, or sibling or other relation by blood or marriage is attributed to that person...”). With Mr. Barot having an indirect ownership interest in Respondent and Mrs. Barot wholly owning one of the partners of Glorieta Partners, it is clear that Glorieta Partners, the former owner of the Project, had ownership interest in Respondent. Therefore, the undisputed facts demonstrate that the Barots had ownership interest in Glorieta Partners and Respondent.

### 3. The Barots exerted effective control over Respondent.

The Barots exerted effective control over Respondent directly and through various employees. “Effective control” is the ability to direct, alter, supervise, or otherwise influence the actions, policies, decisions, duties, employment, or personnel of the management agent. 24 C.F.R. § 30.68(a). As reflected in the facts section above, HUD has demonstrated through extensive evidence such as state business filings, tax records, overlapping employees of related companies, depositions, and affidavits, that the Barots exerted effective control over Respondent.

As previously explained, Mr. Barot was involved in the maintenance and human resources of Respondent while Mrs. Barot was involved in the financial decisions. Even more, as the principals of the Project-owner’s former general partners, they had exclusive control over the bank accounts of the management agent. Additionally, Respondent only manages Creative Choice properties and staff move freely between the entities. For example, Mr. Staley was the asset manager for New Vision Housing Foundation and in November 2024, Mr. Staley became the manager of Respondent on state corporate records and took over directing the operations of the company. All of the affiliated companies shared office space within the same building, phone number, and other key personnel. Mr. Staley also confirmed that Creative Choice’s Chief Financial Officer, Mr. Kakkar, controlled New Vision Glorieta LLC’s books and records.

Additionally, Mr. Kakkar told Respondent’s previous Director of Operations that Mr. Kakkar could not take any financial action without the approval of either Mr. Barot or Mrs. Barot. The previous Director of Operations also only had signing authority of \$2,000. If he needed more, he had to receive approval from Mr. Staley, Mrs. Barot, and Mr. Kakkar. The overwhelming evidence demonstrates that the Barots, either through direct oversight or through their employees, had the ability to direct, alter, supervise, or otherwise influence the actions, policies, decisions, duties, employment and personnel of Respondent. 24 C.F.R. § 30.68(a)(1)-(3). Accordingly, the Court finds the Barots, who also own and control Glorieta Partners, had effective control over Respondent.

Based on the foregoing, the Court concludes there is no dispute of material fact that Respondent and Glorieta Partners share an identity of interest. Respondent managed the Project owned by Glorieta Partners at the time. Both entities are owned and effectively controlled by the Barots. Accordingly, HUD may seek civil money penalties from Respondent as an identity of interest agent providing management services to the Project. 24 C.F.R. § 30.68(b).

### **B. The HAP contract was breached.**

HUD claims that summary judgment for HUD is appropriate on all Counts, because the undisputed facts show that Respondent breached the Project’s HAP contract that requires the

owner to provide decent, safe, sanitary rental housing. These requirements are not only set forth in the HAP contract itself, but also contained in HUD's regulations.

An important requirement of HUD's project-based assistance program is that assisted rental units be decent, safe, sanitary, and in good repair. 24 C.F.R. § 5.703. This requirement is also specifically stated in the HAP contract between Glorieta Partners and HUD. The physical condition standards for HUD housing has detailed specific requirements. See 24 C.F.R. § 5.703. Those conditions relevant in this case include:

- Every unit and common area must be free of infestation. 24 C.F.R. § 5.703(e)(1).
- Every unit must be free of health and safety concerns that pose a danger to residents, which includes "structural soundness," and ceilings, walls, and windows must be functionally adequate, operable, and free of health and safety hazards. 24 C.F.R. § 5.703(a), (e)(1).
- Every unit and common area must be free of health and safety hazards that pose a danger to residents, including mold. 24 C.F.R. § 5.703(e)(1).
- Exterior and in-unit electrical systems must be safe. 24 C.F.R. § 5.703(b)(3), (c), (d)(8).
- Every unit must have two working electrical outlets in each habitable room. 24 C.F.R. § 5.703(d)(7).
- Exterior and in-unit raised walkways must have guardrails. 24 C.F.R. § 5.703(c), (d)(10).
- Every unit must have working bathrooms, and appliances and fixtures must work and be safe. 24 C.F.R. § 5.703(a), (d)(2).
- Every unit must have working smoke detectors. 24 C.F.R. § 5.703(d)(3).
- Every unit must have food preparation and storage areas and appliances, including a working refrigerator and cooking appliance, 24 C.F.R. § 5.703(d)(4), and appliances and fixtures must work and be safe. 24 C.F.R. § 5.703(a).
- Every unit must have permanent lights in all habitable rooms, bathrooms, and kitchens. 24 C.F.R. § 5.703(d)(7) and (11).
- Components of every unit, including doors, must be functionally adequate, operable, and free of health and safety hazards. 24 C.F.R. § 5.703(a), (d).
- Outside areas, including fencing, storm drainage, and refuse disposal must be functionally adequate, operable, and free of health and safety hazards that pose a danger to residents. 24 C.F.R. § 5.703(a), (c), and (e).

The facts set forth above describe in detail the conditions of the Project that violated the HAP contract and HUD's rules requiring project owners to provide decent, safe, sanitary rental housing that is in good repair. Each of the 132 units has widespread and extreme damage. Many of the issues stem from water damage. For example, 110 units showed evidence of water damage, mold was documented in 99 units, and 40 units had refrigerators with leaks. Vermin and bug infestations were common. Outlets were inoperable or damaged. Smoke detectors were broken, damaged, or missing.

Other common problems included rusted railings or guardrails, missing fixtures, damaged doors, and broken appliances. Kitchen cabinets were deteriorating. Glass doors were shattered. Doors were off the hinges and did not close properly.<sup>6</sup>

Due to the existing conditions, the units and common areas at the Project were not safe, sanitary, or in good repair. The HAP contract and HUD rules set forth the requirements that dwellings receiving Section 8 housing assistance must provide decent, safe, sanitary housing units for its residents. 42 U.S.C. § 1437z-1(b)(2)(A), 24 C.F.R. § 5.703. Therefore, the Court concludes that the HAP contract was breached because at least 132 dwellings were not in compliance with the statutory and regulatory mandated standards. 42 U.S.C. § 1437z-1(b)(2), 24 C.F.R. § 5.703.

### **C. The breaches are knowing and material.**

HUD claims Respondent's breaches of the HAP contract were knowing and material. The statute defines "knowing" as meaning actual knowledge of or acting with deliberate ignorance of or reckless disregard. 42 U.S.C. § 1437z-1(h)(2).

It is not disputed that Respondent utilized Yardi software, a work order system, to manage maintenance requests from tenants. The system recorded at least one service request for every single unit in the *Complaint* between January 2022 and January 2024 and the vast majority were marked as completed. At the very least, maintenance personnel visited the unit and had the opportunity to see the conditions.

The pictures and work orders demonstrate that the conditions in the units, common areas, and outside had been longstanding. For example, water damage and mold were ongoing. These conditions would have been obvious to anyone entering the unit and particularly to maintenance staff. Respondent's own management handbook required regular inspections of units and the Project in general. Accordingly, the Court finds Respondent's breaches of the HAP contract were knowing, because they knew the units were not kept in good repair and the conditions in the units and common areas were not decent, safe, or sanitary.<sup>7</sup>

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<sup>6</sup> Other issues were individualized. One resident and the resident's mother reported a sewerage problem to management several times, but it was not repaired. Another tenant asked for a reasonable accommodation to change the smoke detectors for the hearing impaired, but management had not replaced it.

<sup>7</sup> In the *Ruling on Motion for Sanctions* dated February 26, 2026, the Court imposed the following sanction: Respondent and its owners knew that the conditions at the Project were not decent, safe, sanitary, or in good repair, in violation of the HAP contract, because the conditions were observed or should have been observed by

HUD also claims these violations were “material” breaches of the HAP contract. The term “material” or “materially” is defined as “[h]aving the natural tendency or potential to influence, or when considering the totality of the circumstances, in some significant respect or to some significant degree.” 24 C.F.R. § 30.10. In civil money penalty cases materiality is to be determined by application of a “totality of the circumstances” standard, which is to be determined in turn by consideration of the eight regulatory factors at 24 C.F.R. § 30.80. See In re Crestwood Terrace Partnership, HUD-ALJ 00-002-CMP, 2001 HUD ALJ LEXIS 66, at \*7-8 (January 30, 2001). The record need not contain sufficient evidence to satisfy all the factors; a finding on one will support a finding of materiality. See id.; *see also, supra*, In re American Rental Management, at 15 (same).

The purpose of the U.S. Housing Act of 1937 was to provide financial assistance to the states and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes. 42 U.S.C. § 1437. In 1974, the Housing and Community Development Act amended the 1937 law to create Section 8 housing. 42 U.S.C. § 1437f. Section 8 of the Housing Act authorized HUD to devote federal funds to housing assistance for the purpose of aiding lower-income families in obtaining a decent place to live and of promoting economically mixed housing. Id. The requirement that owners provide decent, safe, and sanitary housing that is in good repair is so fundamental to the HAP contract that payments are contingent on this requirement being met.

Respondent failed to provide decent, safe, and sanitary conditions in no fewer than 132 units and outside areas. This defeats the purpose of HUD providing housing assistance pursuant to Section 8 of the Housing Act. Accordingly, Respondent’s breaches of the HAP contract on this basis and to the extent that it affected so many units are material. See e.g., U.S. v. NVR, Inc., 2020 U.S. Dist. LEXIS 231615 \*9 (December 9, 2020) (wherein the court considering an action brought by the Environmental Protection Agency for a civil money penalty cited New Jersey law stating that a breach is material if it tends to defeat the purpose of the contract).

#### **D. The appropriate remedy remains in dispute.**

HUD asserts that, in consideration of the civil money penalty factors at 12 U.S.C. § 1735f-15(d)(3) and 24 C.F.R. § 30.80, the Court should enter an order imposing the maximum penalty allowed for each violation in this matter. Respondent, however, asserts that it cannot pay the proposed penalties. In support, Respondent cites several documentary exhibits that were already adduced in this proceeding bearing on their ability to pay, which is one of the factors that must be considered by the Court in determining the appropriate penalty.<sup>8</sup>

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Respondent or its agents in connection with their day-to-day management and maintenance responsibilities and their duty to regularly inspect, maintain, and repair.

<sup>8</sup> Specifically, Respondent cites to Glorieta Partners, Ltd. December 31, 2023 and 2022 Financial Statements showing Respondent is still owed management fees, Respondent’s tax returns for 2021, 2022, 2023, and 2024, and Respondent’s bankruptcy court schedules.

Respondent's ability to pay is a disputed factual question that is material to the determination of the appropriate penalty. Accordingly, summary judgment on the penalty amount would be inappropriate. *HUD's Motion* is therefore **DENIED** with respect to penalties.

### **CONCLUSION AND ORDER**

With respect to *HUD's Motion* for summary judgment, the material facts relevant to liability and the violations under 42 U.S.C. § 1437z-1(b) are not in dispute. The record establishes that (1) Respondent and Glorieta Partners Ltd. share an identity of interest; (2) Respondent breached the HAP contract by failing to provide decent, safe, sanitary housing that was in good repair; and (3) the breaches were knowing and material. Based on the evidence, the *Government's Motion for Summary Judgment* is **GRANTED IN PART** on the issue of liability and violations, as detailed in the findings above.

However, genuine issues of material fact remain regarding the appropriate penalty amounts and Respondent's ability to pay. Accordingly, the *Government's Motion for Summary Judgment on All Counts* is **DENIED IN PART** as to the issues of the penalty to be imposed.

Having resolved the dispositive motion, the Court directs the parties to prepare for the hearing to be conducted via videoconference on Microsoft Teams. The remaining issues of penalty calculation and the scope of Respondent's financial liability will be resolved based on the evidence presented at hearing.

So **ORDERED**,

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Alexander Fernández-Pons  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing **ORDER GRANTING PARTIAL SUMMARY JUDGMENT** issued by Alexander Fernández-Pons, Deputy Chief Administrative Law Judge, HUDOHA 24-JM-0383-CM-022, were sent to the following parties on this 12th day of March 2026, in the manner indicated:

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