

THE UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT,

Petitioner,

v.

MARTHA FRANKLIN,

Respondent.

HUDOHA: 18-AF-0062-PF-002
Docket No.: 18-0004-DB

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into by and between the United States Department of Housing and Urban Development ("HUD" or the "Department") and Martha Franklin ("Respondent").

WHEREAS, HUD filed a Complaint pursuant to the Program Fraud Civil Remedies Act of 1986 ("PFCRA"), 38 U.S.C. §§ 3801-3812, for causing false claims to be made to the Department in the Public Housing program while serving as Executive Director of the Alexander County Housing Authority ("ACHA") in Cairo, IL;

WHEREAS, HUD issued a Notice of Proposed Debarment to Respondent pursuant to 2 C.F.R. Parts 180 and 2424 seeking to exclude Respondent from participating in the Executive Branch for an indefinite period based upon his serious violations of HUD's regulations and the contract between HUD and the ACHA;

WHEREAS, HUD and Respondent stipulate to the facts set forth in Attachment A; and

WHEREAS, Respondent and HUD (together, the "Parties") mutually desire to avoid further litigation and seek a satisfactory resolution of their disputes without further expense.

NOW, THEREFORE, in consideration of the respective covenants of the Parties made herein, and subject to the terms and conditions set forth herein, the Parties agree as follows:

1. This Settlement Agreement resolves the allegations of liability alleged in the above-referenced Complaint in HUDOHA 18-AF-0062-PF-002 and the allegations set forth in the Notice of Proposed Debarment docketed at 18-0004-DB.

2. This Settlement agreement shall become effective upon its execution by the Department's duly authorized designee. The date the Department's duly authorized designee signs this Settlement Agreement will be referred to as the Effective Date throughout this Settlement Agreement.

3. Respondent shall pay to HUD the amount of Thirty Thousand Dollars (\$30,000) ("Settlement Amount"). Respondent shall make an initial payment in the amount of Fifteen Thousand Dollars (\$15,000) ("Initial Payment"), which shall be due upon execution of this Agreement. Respondent shall make an additional payment of Fifteen Thousand Dollars (\$15,000) no later than January 15, 2019.

4. All payments as set forth in Paragraph 3 herein must be sent by courier or express mail delivery to the following address:

U.S. Department of Housing and
Urban Development
Attn: Sean Brown
1250 Maryland Avenue, S.W., Suite 200
Washington, D.C. 20024

5. Sums due under this Settlement Agreement must be made payable to the order of *The United States Department of Housing and Urban Development* by certified check or money order.

6. Pursuant to 2 C.F.R. Parts 180 and 2424, Respondent is hereby debarred for an indefinite period, commencing on the Effective Date of this Settlement Agreement, from participation in federal covered transactions,¹ nonprocurement transactions² and federal procurement transactions under the Federal Acquisition Regulations (48 C.F.R. chapter 1), throughout the executive branch of the Federal Government unless an agency head or an authorized designee grants an exception. See 2 C.F.R. §§ 180.130, 180.135, 180.140, and 2424.220; and 48 C.F.R. § 2409.7001.

7. Respondent understands and agrees that, during the duration of her debarment, her name and any aliases may be listed in the excluded parties list system maintained by the General Services Administration, which at the time of this Settlement Agreement is located within the System for Award Management and is accessible electronically at www.sam.gov.

8. Upon completion of all terms of this agreement, including but not limited to payment of all sums due under Paragraph 3, HUD releases and discharges Respondent from any and all claims by HUD pursuant to the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, relating to allegations against respondent contained in the Complaint filed on November 24, 2017 and now identified as HUDOHA 18-AF-0062-PF-002. Within 10 days of the Effective Date of this Agreement, the Department and Respondent Franklin shall file a joint motion to dismiss the pending administrative proceeding in the Office of Hearings and Appeals as to Respondent Franklin.

¹ See 2 C.F.R. Part 180, Subpart B for the definition of a "covered transaction."
² See 2 C.F.R. § 180.970 as supplemented by 2 C.F.R. § 2424.970 for the definition of a "nonprocurement transaction," such as all HUD programs, including the Public Housing programs and the Project Based Voucher program and Tenant Based Voucher program, known colloquially as "Section 8."

9. This Settlement Agreement resolves only those claims identified in Paragraphs 6 and 8 of this agreement. It does not waive any rights or responsibilities of HUD or any other Federal agency to investigate or initiate other actions pursuant to its lawful authority.

10. Respondent hereby agrees to waive, release, and remit any and all claims, directly or indirectly, against HUD or HUD employees with respect to the administrative actions identified in herein.

11. This Settlement Agreement constitutes the complete agreement between the Parties and supersedes and replaces all prior negotiations and agreements, whether written or oral.

12. This Settlement Agreement is voluntary and entered into by Respondent after consultation with legal counsel and due consideration of the terms contained herein. Respondent will not seek the termination or reconsideration of this Settlement Agreement, directly or indirectly, after the Effective Date, except as provided herein.

13. Each of the Parties warrants that it has been represented by or has had the opportunity to seek and obtain the advice of independent legal counsel with regard to the nature, purpose, and effect of the Agreement.


14. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

15. The Parties are to each bear their own costs and legal fees.

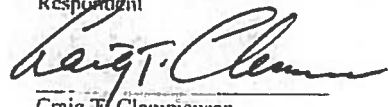
WHEREFORE, the parties hereto have duly executed this Settlement Agreement.

(Signatures page follows)

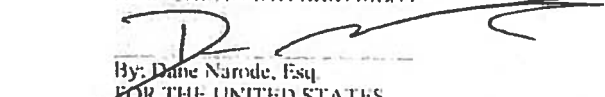
8/30/2018
Date


Martha Franklin
Respondent

8/13/18
Date


Craig Clemmensen
Debaring Official
FOR THE UNITED STATES
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

8/31/18
Date


By: Daine Narode, Esq.
FOR THE UNITED STATES
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

ATTACHMENT A

1. Martha Franklin served as the Executive Director of the Alexander County Housing Authority ("ACHA"), a public housing agency ("PHA") and participant in the U.S. Department of Housing and Urban Development's ("HUD") public housing programs, from April 2013 until March 2015, and previously served as Finance Director until April 2013.
2. As Executive Director, Martha Franklin served as the chief executive of the ACHA with the responsibility to assure the ACHA properly operated its public housing units for the benefit of the residents of Alexander County, IL.
3. Martha Franklin was responsible for assuring that the ACHA operated in compliance with HUD's regulations and guidelines.
4. Under Martha Franklin's direction and control, the ACHA failed to maintain the Elmwood and McBride complexes, resulting in significant degradation in the quality of the housing.
5. Martha Franklin failed to direct the income and resources of the ACHA to maintaining the ACHA's properties or benefiting its residents; instead, Franklin continued the practice of directing the ACHA's income and resources towards personal enjoyment and staff bonuses.
6. Martha Franklin used the ACHA's funds to cover personal expenses and to provide gifts to ACHA staff members.
7. Under Martha Franklin's direction and control, the ACHA continued to misuse funds to pay a stipend to the ACHA's Board Chair, who failed to comply with the regulations that allow for the payment of a stipend.

8. Martha Franklin failed to ensure that the ACHA's Resident Councils were properly formed and operating. Notwithstanding the foregoing, Franklin continued to allow monthly payments to be made without any accounting for how the public funds were being used.

9. Martha Franklin misused ACHA funds to pay James Wilson consulting fees despite this consulting contract being prohibited due to Wilson's conflict of interest.

10. Under Martha Franklin's financial management, the ACHA engaged in conduct that obscured the state of the ACHA from HUD's oversight by making false certifications and violating the accounting requirements for PHAs.

11. Martha Franklin failed to ensure that the ACHA complied with the accounting practices required for PHAs and allowed for improper bookkeeping practices to misrepresent the financial health of the ACHA.

12. During Martha Franklin's tenure as Executive Director, she failed to undertake any of the ACHA's obligations under the Lead Safe Housing Rule yet certified to HUD that the ACHA was in compliance with its lead-based paint obligations.

13. During Martha Franklin's tenure as Executive Director, the ACHA falsely certified that it was in compliance with Civil Rights laws when, amongst other inadequacies, the ACHA lacked an adequate number of accessible units.

14. Martha Franklin's management of the ACHA exacerbated the declining condition of the ACHA's housing.

TEITZLAFF CERVANTEZ & ASSOCIATES

TRUST FUND
500 N. HOLLAND ST
MARION, IL 62959

1067

DATE 8/30/2018

70-2259/612

PAY TO THE ORDER OF U. S. Department of Housing & Urban Development

\$15,000.00

Fifteen Thousand Dollars and NO/100

DOLLARS

 **Bankera Bank**

www.bankera.com

FOR Martha Franklin (18-AF-0062-PF-002)

Martha Franklin

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