

UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF ADMINISTRATIVE LAW JUDGE

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In the Matter of .  
CHARLES L. MOLES . HUDALJ 87-1168-DB(TDP)  
CHARLES MOLES ASSOCIATES, INC. .  
Respondents .  
. . . . .

Charles L. Moles, pro se

Dolores L. Keegan, Esquire  
For the Department

Before: ALAN W. HEIFETZ  
Administrative Law Judge

DECISION AND ORDER

This is an appeal from a Temporary Denial of Participation ("TDP") imposed on Charles L. Moles and Charles Moles Associates, Inc. ("Respondents") by the Philadelphia Regional Office of the U.S. Department of Housing and Urban Development ("the Department" or "HUD") pursuant to 24 C.F.R. § 24.18. The TDP was imposed upon Respondents for a period of 12 months beginning March 18, 1987, as a result of evidence that Respondents knowingly and fraudulently executed Housing Assistant Payment Contracts and accepted Section 8 rental assistance funds. The TDP was limited geographically to the State of Delaware and the eastern half of the State of Pennsylvania.

Respondents requested and were granted an informal hearing on April 21, 1987, at which time Respondents submitted documentary evidence in defense of their actions. Upon a review of this evidence and a determination that it was not relevant to the reasons for the TDP, the Philadelphia Regional Office affirmed its issuance. Respondents appealed.

Pursuant to an Order dated October 30, 1987, the Department filed its Complaint on November 25, 1987. As of January 12, 1988, Respondents had not met their December 30, 1987, deadline for submission of their Answer. Consequently, Respondents were given until January 26, 1988, to show cause why summary decision should not be issued in favor of the Department. On January 26, 1988, Respondents filed an Answer. Because the Answer addresses

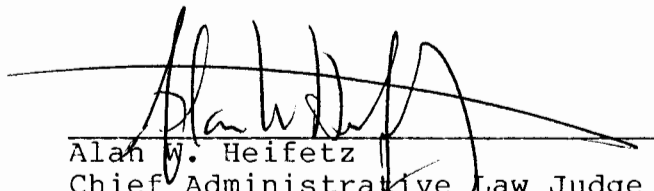
the merits but fails to justify Respondents' tardiness in filing their Answer, it does not show cause why summary decision should not issue in favor of the Department.

Moreover, Respondents' Answer unsatisfactorily addresses the merits of the issuance of the TDP. The TDP was imposed upon Respondents for knowingly and fraudulently executing Housing Assistance Payment Contracts and accepting Section 8 rental assistance funds. Prior to December 5, 1980, Mr. Moles owned the premises located at [REDACTED], East Norriton Township, Pennsylvania, and he rented the premises to Edward Dixon. (Government's Complaint, Ex. B). On December 5, 1980, Mr. Moles deeded these premises to Mr. Dixon in consideration of \$40,000 (Government's Complaint, Ex. D). Although he no longer owned the premises, Mr. Moles executed Housing Assistance Payment Contracts with the Montgomery County Housing Authority in the capacity as the owner of the premises,<sup>1</sup> once in March 1981, and again in January 1982. As a result, Mr. Moles fraudulently accepted Section 8 rental assistance payments on behalf of Mr. Dixon between April 1981, when payments under the March 1981 Housing Assistance Payments Contract began, and June 1982, when a fire destroyed the premises.

In their Answer, Respondents aver that an attorney informed them that Mr. Dixon's ownership of the premises would not affect his eligibility for Section 8 assistance. (Respondents' Answer at 2). Regardless of whether this is true as a matter of law, it does not alter the fact that Respondents held themselves out as the owner of the premises when they knew that this was not true. Such fraudulent conduct is cause for temporary denial of participation under 24 C.F.R. § 24.18(a)(2)(iv).

Respondents having shown no adequate reason why the Temporary Denial of Participation should not have issued, it is

ORDERED, that the Temporary Denial of Participation is sustained.

  
Alan W. Heifetz  
Chief Administrative Law Judge

Dated: January 28, 1988

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1. In the Answer, Respondents assert that a secretary signed Mr. Moles' signature in the space marked "Owner" because there was no space marked "Agents". (Respondents' Answer at 1). The fact that Respondents indicated elsewhere in the contracts they executed that Charles Moles Associates and not Mr. Dixon was the owner, (Government's Complaint, Exs. G, H), indicates that Respondents' assertion is merely an after the fact attempt to avoid the consequences of their conduct.