

and reported to the Texas Employment Commission for the period July 1, 1985, through June 30, 1986, is \$[REDACTED]. Thus, Miklochik's salary was over-reported by at least \$[REDACTED], and this factor was an inducement to the lender to approve a loan which otherwise should not have been granted.

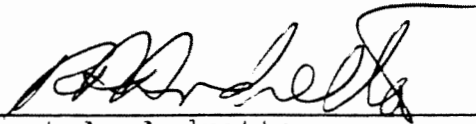
The loan file also contains a gift affidavit from Miklochik's parents stating that they are giving a sum of \$4,000 to him as a bona fide gift. Attempts by the Department to verify this gift proved unsuccessful, and records indicate that Stancraft loaned Miklochik the identical sum of \$4,000 on August 25, 1985. It is improper for anyone with a financial interest in the sale of a property to [provide funds to a purchaser. See, HUD Handbook 4155.1 Rev., Chapter 3, Section e(1)].

On July 20, 1989, the Department served a Request for Production of Documents on the Respondents, and later agreed to an extension of time within which to respond to August 21, 1989. Respondents failed to respond, and the Department requested an order to compel response, which I issued on September 7, 1989, requiring compliance by September 18, 1989, and including an Order to Show Cause why sanctions should not be applied in accordance with 24 CFR 26.3. On that date, Respondent asked for additional time, until September 25, 1989, claiming that the Order was not received until September 15th. Nothing further was filed by the Respondents, and, on October 4, 1989, the Department filed a Motion to Dismiss the Respondents' appeal. On October 11, 1989, Respondents' attorney filed a Response To Request For Production Of Documents And Order Compelling Production in which he merely states that the documents sought "are not produced by the Defendants." The Department answered this pleading on October 17, 1989, with a Supplemental Motion And Brief To Dismiss on the basis of Respondents' failure to produce documents or to show cause why this appeal should not be dismissed in accordance with 24 CFR 26.3.

Order

A determination against the Respondents in this case is justified by their continual noncompliance with orders to produce documents requested by the Department. See, 24 CFR 26.3. Accordingly, the appeal in this case is dismissed with prejudice, and the Respondents are debarred from participation in HUD housing programs for a period of twelve months from January 20, 1989.

So ORDERED by



Robert A. Andretta
Administrative Law Judge
U.S. Department of Housing
and Urban Development
451 7th Street, S.W., Suite 2156
Washington, D.C. 20410

Dated: October 18, 1989