

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

In the Matter of:

PAUL A. MARGUGLIO,

Respondent.

HUDALJ 90-1457-DB

Bruce H. Nagel, Esquire
For the Respondent

John P. Deller, Esquire, and
John J. Cahill, Esquire
For the Department

Before: Robert A. Andretta
Administrative Law Judge

INITIAL DETERMINATION

Jurisdiction and Procedure

This proceeding arose as a result of a proposal by the Department of Housing and Urban Development ("the Department" or "HUD") to debar the Respondent, Paul A. Marguglio, from further participation in primary covered transactions and lower tier covered transactions as either a participant or principal at HUD and throughout the Executive Branch of the federal government, and from participating in procurement contracts with HUD, for a five-year period from the date of HUD's notice letter, January 29, 1990. In addition, the Department immediately suspended Respondent from further participation in transactions and contracts, as described above, pending the outcome of the proposed debarment. Such suspension and debarment is authorized by the regulations codified at Title 24, Code of Federal Regulations, Part 24, and jurisdiction is thereby obtained.

The Department's action was based upon its allegations regarding Respondent's actions while he was Executive Director/Secretary of the Passaic Housing Authority in that he failed to exercise proper, necessary and/or diligent control with respect to the activities of the Passaic Housing Authority and its staff so as to adversely affect his present responsibility and the integrity of HUD programs. The alleged irresponsible behavior is claimed by the Department to have resulted in:

1. Payment of excessive, unreasonable and unauthorized

compensation to Housing Authority personnel and receipt by [Respondent] of such compensation;

2. The failure of the Housing Authority to comply with its Comprehensive Improvement Assistance Program ("CIAP") budget, the excessive drawdown by the Housing Authority of CIAP funds and the submission by the Housing Authority of inaccurate and/or misleading reports with respect to CIAP funds;

3. The failure of the Housing Authority to properly allocate salary and other employee compensation among the various Housing Authority programs;

4. Payments by the Housing Authority to certain employees for compensation for unused vacation time, unused administrative leave and supplemental compensatory time which were [sic] not authorized or allowable under the State Civil Service laws;

5. The incurring by the Housing Authority of unreasonable, excessive and/or unsupported travel expenses;

6. The failure to comply with federal requirements in the procurement of legal services, the failure of the Housing Authority to obtain HUD approval for legal services procurement and payments as required, the payment of unreasonable legal fees and misrepresentation to HUD by Housing Authority personnel with respect to applications to HUD for approval of fees;

7. The failure to maintain proper records and the maintenance of inaccurate records in connection with the disposal of nonexpendable Housing Authority equipment;

8. The disposition of Housing Authority assets without an indication of market value and without compliance with Federal Property Management Standards; and

9. The maintenance of unreliable and deficient internal controls of the activities of the Housing Authority.

In accordance with my Notice Of Hearing And Order of March 8, 1990, the Department filed its Complaint on April 9, 1990. It makes in greater detail the same allegations as are enumerated above. The government states that Respondent's actions show a lack of business integrity and honesty which is so serious and

compelling in nature as to affect the present responsibility of the Respondent, and that the conduct is, therefore, cause for suspension and debarment under 24 CFR 24.305(b), (d) and (f).

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On January 29, 1990, Michael B. Janis, General Deputy Assistant Secretary of HUD, issued the Notice of Suspension and Debarment that is the subject of this proceeding, and Respondent, through counsel, made timely request for a hearing. Respondent's Answer to the government's Complaint was due on May 7, 1990. Since by May 29, 1990, Respondent had failed to file an Answer or evidence, he was on that date ordered to file his Answer by June 12, 1990, or by that date show cause why a summary decision should not be issued in favor of the government. The Order To Show Cause also stated that failure by the Respondent to respond adequately to the Order in a timely manner would constitute consent to issuance of a summary decision in favor of the government.

The Respondent has failed to respond to the Order To Show Cause and has, therefore, consented to the entry of the following:

Conclusion and Order

The Department has shown a compelling inference that Paul A. Marguglio is lacking in the requisite responsibility to do business with HUD by showing that he has conducted the affairs of the Passaic Housing Authority with a lack of business integrity and honesty. Moreover, by his continued silence in spite of orders to answer the charges against him, Respondent has consented to the entry of a summary decision against him. Accordingly, Respondent is debarred from participating in primary covered transactions and lower tier covered transactions as either a participant or a principal at HUD and throughout the Executive Branch of the federal government and from participating in procurement contracts with HUD for a period of five years from the date of Notice of proposal of this action, January 29, 1990, and, furthermore, the suspension of Respondent from these activities during the pendency of this proceeding is hereby upheld.

So ORDERED.

Robert A. Andretta
Administrative Law Judge

Dated: June 15, 1990