

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

In The Matter of:

WILLIAM PEARSON,
Respondent.

HUDALJ 90-1545-DB

William Pearson, *pro se*
For the Respondent

Dane Narode, Esquire
For the Government

Before: ROBERT A. ANDRETTA
Administrative Law Judge

INITIAL DETERMINATION

Jurisdiction and Procedure

This proceeding arose as a result of a suspension by the Department of Housing and Urban Development ("the Department" or "HUD") of William Pearson ("Respondent") from further participation in primary covered transactions or lower tier covered transactions as either a participant or principal at HUD and throughout the Executive Branch of the Federal Government, and from entering into any procurement contracts with HUD. Respondent was notified of the suspension by letter dated August 9, 1990, and on August 16, 1990, he filed a timely request for a hearing.

The Department's action was based upon allegations that Respondent is being investigated because he violated HUD single family housing program standards by making false statements to this Department and made payments to the mortgage company employees for their participation in a scheme to defraud this Department.

A Notice Of Hearing And Order was issued on September 12, 1990, requiring the Government to file its Complaint on or before October 12, 1990, and Respondent was ordered to file his Answer on or before the thirtieth day from the filing of the Complaint. On October 15, 1990, counsel for the Government filed the government's Complaint and a Motion for Leave To File Out Of Time. The Motion was granted, and Respondent's Answer was due on November 15, 1990. Since by November 26, 1990, Respondent had failed to file an Answer, he was ordered to file his Answer or show cause within 15 days 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 to it in a timely fashion would constitute consent to a summary decision in favor of the Government.

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

Conclusion and Order

The Respondent is a former developer and builder in San Antonio, Texas, and engaged directly or indirectly in business involving HUD/FHA-mortgage programs. Respondent did business with MISCorp. by referring certain prospective purchasers of property owned by him to MISCorp. for the purpose of obtaining FHA-insured mortgage loans for such purchasers. Mr. Joe Barron is a real estate agent and co-owner with Respondent of Allied Real Estate Company of San Antonio, Texas, and engaged directly or indirectly in business involving HUD/FHA mortgage programs, including the sale of single family properties with mortgages insured or to be insured by FHA.

The Government alleges that between January 1, 1989 and July 25, 1990, Mr. Barron referred certain prospective purchasers of single family residences to MISCorp. for the purpose of obtaining FHA-insured financing. The Government further alleges that Respondent offered, conferred and agreed to confer, paid and agreed to have paid two employees of MISCorp. sums totalling more than \$29,000 as consideration and inducement for an exercise of their discretion to underwrite certain mortgage loans and/or directly endorse approval of the loans for FHA-insurance. The monies were separate from and in addition to any fees, charges or compensation to MISCorp., for services rendered in connection with such transactions which may have been paid in conformance with generally accepted practices of prudent and honest lenders. Such payments were also in addition to and separate from salaries, compensation or commission paid to these employees by MISCorp.

HUD has also received information that, between January 1, 1989 and July 25, 1990, Respondent is alleged to have made false statements to HUD on at least five

occasions on Form HUD-1 Settlement Statements, by certifying to the truth and accuracy of information on the forms, when in truth and fact, Respondent knew that the forms were false in that they indicated that certain sums of money had been paid by the borrowers when Respondent had made the payments for and on behalf of the borrowers.

As a result of these allegations, the U. S. Government is engaged in an investigation into the activities of Respondent and others for the purpose of determining whether Respondent and others have, in fact, engaged in conduct which constitutes material violations of any relevant statute, regulatory provision or program requirement, or other violations of any law, regulation or agreement, civil or criminal.

The Department has shown that William Pearson is lacking the requisite responsibility to participate in HUD programs. 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's suspension 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 from the date of Notice of this action, August 9, 1990, is upheld.

So ORDERED.

Robert A. Andretta
Administrative Law Judge

Dated: December 20, 1990.