

UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF HEARINGS AND APPEALS

UNITED STATES DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT,

Petitioner,

v.

LATASHA ROBINS-DESHAZOR,
N/K/A LATASHA ROBINS,

Respondent.

17-JM-0151-PF-006

November 22, 2017

DEFAULT JUDGMENT AND ORDER

This case arises from a *Complaint* filed by the United States Department of Housing and Urban Development (“HUD”) against Latasha Robins-Deshazor n/k/a Latasha Robins (“Respondent”), whereby HUD seeks civil penalties and assessments under the Program Fraud Civil Remedies Act (“PFCRA”), 31 U.S.C. §§ 3801-3812, as implemented by 24 C.F.R. Part 28.

The *Complaint* alleges Respondent caused 14 false statements to be made to the Delaware County Housing Authority (“DCHA”) through her participation in the Housing Choice Voucher Program (“HCVP”).

LEGAL FRAMEWORK

Under the PFCRA, liability may be imposed on any person who makes, presents, or submits, or causes to be made, presented, or submitted, a claim that the person knows or has reason to know is false, fictitious, or fraudulent; or includes or is supported by any written statement which asserts a material fact which is false, fictitious, or fraudulent. 31 U.S.C. § 3802(a)(1)(A)-(B); 24 C.F.R. § 28.10(a)(1)(i)-(ii). The term “claim” includes “any request, demand, or submission . . . made to any authority for property, services, or money (including money representing grants, loans, insurance, or benefits).” 31 U.S.C. § 3801(a)(3)(A). For purposes of determining the number of claims, “each voucher, claim form, or other individual requestor demand for property, services, or money constitutes a separate claim.” 31 U.S.C. § 3801(b)(1); 24 C.F.R. § 28.10(a)(2). In addition, a claim shall be considered submitted to an authority, recipient, or party, when such claim is actually made to an agent, fiscal intermediary, or other entity acting for or on behalf of such authority, recipient, or party. 31 U.S.C. § 3801(b)(3); 24 C.F.R. § 28.10(a)(3).

The PFCRA defines the phrase “knows or has reason to know” as having actual knowledge that the claim is false, fictitious, or fraudulent; acting in deliberate ignorance of the truth or falsity of the claim; or acting in reckless disregard of the truth or falsity of the claim. 31 U.S.C. § 3801(a)(5). No specific intent to defraud is required. 31 U.S.C. § 3801(a)(5); 24 C.F.R. § 28.10(d).

A person found to be liable under the PFCRA is subject to a civil penalty of not more than \$7,500 for each claim. 24 C.F.R. § 28.10(a) (2008). In addition, a person found to be liable is also subject to an assessment of not more than twice the amount of each claim if the Government has made payment on the claim. 31 U.S.C. § 3802(a); 24 C.F.R. § 28.10(a)(6).

PROGRAM BACKGROUND

The Program involved in this case is the HCVP. Section 8 of the United States Housing Act of 1937 established the HCVP, which provides opportunities for very low-income families to choose and lease safe, decent, and affordable privately-owned rental housing. 42 U.S.C. § 1437f. Under the HCVP, HUD provides funds for local public housing agencies (“PHA”) to enter into Housing Assistance Payments (“HAP”) contracts with owners of private housing units. A HAP contract is executed between the PHA and the private landlord for the benefit of an eligible, low-income tenant. The HAP contract allows the tenant to live in the private housing unit for below-market rent through a HUD-funded subsidy to the owner for the difference between the contractual rent and tenant’s obligation under the program rules. See 42 U.S.C. § 1437f(b)(1). The HCVP statute, HUD’s implementing regulations, and the HAP contract all contain eligibility requirements that the owner/landlord must follow in order to participate in the program. See generally 42 U.S.C. § 1437f; 24 C.F.R. Part 982. HUD’s standard HAP contract incorporates the statutory and regulatory requirements of the program. Under HUD’s HCVP regulations, a housing unit that is occupied by its owner or a person with any interest in the unit is ineligible for participation in the program. 24 C.F.R. § 982.352(a)(6).

PROCESS

Pursuant to 24 C.F.R. § 28.30(b), a respondent must submit a written response to a PFCRA complaint, which shall be deemed to be a request for a hearing, to HUD and the Office of Hearings and Appeals no later than thirty days following service of the complaint.

If a respondent does not timely file a request for hearing in response to the complaint, HUD is authorized to file a motion for default judgment, attaching to it a copy of the complaint, as set forth at 24 C.F.R. §§ 28.30(b) and 26.41(a).

HUD filed the *Complaint* in this matter on August 2, 2017. Then, on August 30, 2017, HUD moved for leave to amend the *Complaint* because HUD discovered after filing it that Respondent resided at an address different from where the *Complaint* was sent. This

Court granted HUD's motion by order dated September 7, 2017, and accepted HUD's *First Amended Complaint* into the record.¹

Respondent received the *First Amended Complaint* on September 2, 2017, at an address that was confirmed during a telephone conversation to be her home. To date, Respondent has neither requested a hearing nor filed an answer.

On October 23, 2017, HUD filed a *Motion for Default Judgment* ("Motion") seeking a finding that Respondent violated the PFCRA, based upon her failure to respond to the *First Amended Complaint* and the allegations therein. Respondent did not respond to the *Motion* within the ten-day period allotted for a response. See 24 C.F.R. § 26.40(b).

By *Order to Show Cause*, dated October 26, 2017, the Court ordered Respondent to show cause as to why the *Motion* should not be granted. Respondent's response to the *Order to Show Cause* was due November 9, 2017. As of the date of this *Default Judgment and Order*, Respondent has not responded to the *First Amended Complaint*, the *Motion*, or the *Show Cause Order*, or otherwise appeared in this matter.

FINDINGS OF FACT

On or about January 31, 2008, Jerome Deshazor entered into a HAP contract with the DCHA, a public housing authority located in Pennsylvania. In the HAP contract, Mr. Deshazor agreed to participate in the HCVP as a landlord and receive monthly subsidy payments in exchange for leasing his property at [REDACTED] [REDACTED] [REDACTED] ("HAP Property"), to an eligible tenant. This tenant was Respondent. In the HAP contract, Mr. Deshazor explicitly certified that Respondent did not own or have any interest in the HAP Property. Upon that information and belief, DCHA began making monthly subsidy payments to Jerome Deshazor on behalf of Respondent in March 2008.

The HAP contract between DCHA and Mr. Deshazor was renewed on an annual basis, and these monthly subsidy payments continued until October 2012. Between January 2009 and October 2012, DCHA made HAP payments to Mr. Deshazor totaling \$28,840 for Respondent's rental of the HAP Property.²

In October 2012, HUD's Office of Inspector General initiated an investigation of Mr. Deshazor and Respondent. This investigation revealed that Respondent and Mr. Deshazor were married. Furthermore, Respondent legally owned the HAP Property with Mr. Deshazor. Therefore, Respondent's ownership of the HAP Property was in violation of HCVP regulations and Mr. Deshazor's certification in his HAP contract. During the course of an interview with authorities, Respondent admitted that she deliberately concealed her marital

¹ The *First Amended Complaint* removed the first of the fourteen counts originally alleged in the *Complaint* filed on August 3, 2017, because the statute of limitations for that claim, which was dated September 1, 2011, had lapsed.

² Because DCHA began using a new financial system beginning in or about 2009, payments made prior to January 2009 cannot be documented.

relationship with Mr. Deshazor and her ownership interest in the HAP Property from DCHA in order to fraudulently participate in the HCVP.

As a result of the investigation, both Respondent and Mr. Deshazor were criminally convicted in Pennsylvania state court. Specifically, on May 16, 2014, Respondent was convicted in the Delaware County Court of Common Pleas on one count of Theft by Deception and one count of Criminal Conspiracy. Respondent was sentenced to five years of probation, as well as restitution to HUD in the amount of \$35,140 (joint and several with Mr. Deshazor). As of the date of the *First Amended Complaint*, restitution in the amount of \$1,677 has been paid to HUD by Respondent or Mr. Deshazor.³

CONCLUSIONS OF LAW

After executing the HAP contract with DCHA in January 2008, Mr. Deshazor received monthly subsidy payments for leasing a housing unit to an individual—Respondent—who had an ownership interest in the property. Because this arrangement was a violation of HCVP requirements and rendered false his certification in the HAP contract, both Mr. Deshazor and Respondent were ineligible to participate in the HCVP. See 24 C.F.R. § 982.352(a)(6). And, because Mr. Deshazor was not entitled to receive the subsidy payments from DCHA, Mr. Deshazor’s monthly receipt of funds to which he was not entitled under the HAP contract was false or fraudulent and is actionable under the PFCRA. 31 U.S.C. § 3802(a)(1)(A); 24 C.F.R. § 28.10(a)(1)(i). Additionally, because Mr. Deshazor’s monthly receipt of subsidy payments from DCHA was supported by his false certification in the HAP contract, such payments are actionable under the PFCRA. 31 U.S.C. § 3802(a)(1)(B); 24 C.F.R. § 28.10(a)(1)(ii).

As a willing and knowing partner in this scheme to defraud DCHA and HUD, Respondent caused the submission of Mr. Deshazor’s false claims and is therefore liable under the PFCRA. As a party to Mr. Deshazor’s HAP contract, wherein HUD funds were provided as the monthly subsidy payments, DCHA was acting as “an agent, fiscal intermediary, or other entity . . . acting for or on behalf of such authority, recipient, or party.” 31 U.S.C. § 3801(b)(3). Had DCHA or HUD known that Respondent had an ownership interest in the HAP Property, DCHA would not have paid, and HUD would not have allowed DCHA to pay, monthly subsidy payments to Mr. Deshazor. Respondent knew or had reason to know that Mr. Deshazor’s claims were false and she admitted to deliberately concealing her marital relationship and ownership interest in order to fraudulently participate in the HCVP. Thus, Respondent is liable under the PFCRA pursuant to 31 U.S.C. § 3802(a)(1)(A)-(B).

Due to the passage of the statute of limitations, HUD is only claiming that Respondent is liable under the PFCRA for monthly subsidy payments made on or after October 11, 2011.

³ According to the Court Financial Services of the Delaware County Court of Common Pleas, a total of \$1,677 has been paid in Respondent’s criminal matter. However, its internal system is not able to distinguish between payments made by Respondent and those made by Mr. Deshazor.

Count No.	Date of Claim	Claim Amount
1	10/03/2011	\$653
2	11/01/2011	\$653
3	12/01/2011	\$653
4	01/03/2012	\$653
5	02/01/2012	\$653
6	03/01/2012	\$692
7	04/02/2012	\$692
8	05/14/2012	\$692
9	06/01/2012	\$692
10	07/09/2012	\$692
11	08/01/2012	\$692
12	09/01/2012	\$692
13	10/01/2012	\$692
TOTAL:		\$8,148

By reason of the facts alleged in the *First Amended Complaint* deemed admitted and stated *supra*, Respondent caused the submission of thirteen false claims to HUD in connection with her participation in the HCVP.⁴

PENALTY

Due to Respondent's violations of 31 U.S.C. § 3802(a)(1)(A)-(B) and 24 C.F.R. § 28.10(a)(1)(i)-(ii), HUD seeks a total of \$51,000 in civil penalties.⁵ Pursuant to the PFCRA and 24 C.F.R. Part 28, Respondent is also liable for an assessment of twice the amount of the claims (\$8,148 x 2 = \$16,296).

ORDER

1. Pursuant to the foregoing, Respondent is hereby found in **DEFAULT**, and HUD's *Motion for Default Judgment* will be **GRANTED**.

2. Based upon the foregoing findings of fact, Respondent is liable for causing twelve false claims to be made in connection with the Housing Choice Voucher Program.

3. As this order results from a default, the penalty proposed in the *First Amended*

⁴ Although HUD sought a total judgment of \$68,602 in the *First Amended Complaint* for the thirteen false claims, HUD decreased the amount requested in this *Motion* because of the expiration of the statute of limitations for Count 1, prior to the Court's issuance of the *Notice of Hearing and Order*.

⁵ HUD previously resolved allegations arising from the same facts pled herein with Jerome Deshazor for a \$3,000 payment.

Complaint must be set forth in the default order.⁶ Accordingly, Respondent shall pay to HUD civil penalties totaling \$51,000 and assessments totaling \$16,296, for a combined total liability of \$67,296.⁷

So ORDERED,



J. Jeremiah Mahoney
Chief Administrative Law Judge

⁶ HUD's procedural rules state that a default constitutes an admission of all facts alleged in the *Complaint* and mandate that the penalty proposed in the *Complaint* must be set forth in the default order. 24 C.F.R. § 26.41(c).

⁷ Such amount is due and payable immediately without further proceedings. 24 C.F.R. § 26.41(c). This Order constitutes the FINAL AGENCY ACTION. 24 C.F.R. § 26.41(b). Judicial review may be available in accord with applicable statutory procedures and the procedures of the appropriate federal court. 24. C.F.R. § 26.54; 31 U.S.C. §3805.