

**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.

SADARIAN PETERSON and
BRIANNA GETER,

Respondents.

19-JM-0095-PF-006

June 27, 2019

DEFAULT JUDGMENT AND ORDER

The above-captioned matter is before this Court on a *Motion for Default Judgment* (“Motion”), filed on June 7, 2019, by the U.S. Department of Housing and Urban Development (“the Government” or “HUD”) against Respondents Sadarian Peterson and Brianna Geter. Neither Respondent filed a written response to HUD’s *Complaint*, nor did they respond to the present *Motion*. Accordingly, the Government’s *Motion* is **GRANTED**.

On April 2, 2019, the Government filed a *Complaint* against Respondents. The *Complaint* alleged violations of the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, as implemented by 24 C.F.R. Part 28, and sought joint and several liability for \$49,765 in civil penalties and an assessment for eight false claims submitted to HUD. The *Complaint* charged that Respondents submitted, or caused to be submitted, monthly false claims in connection with their participation as landlord and tenant in HUD’s Housing Choice Voucher Program (“HCVP”).

Specifically, the *Complaint* alleged that Sadarian Peterson, a landlord in the program, was ineligible to receive monthly subsidy payments for leasing his property to Brianna Geter because he had a prohibited familial relationship with someone in Geter’s household. Namely, Peterson was the father of Geter’s child who resided with her in the subsidized unit. Furthermore, both Respondents allegedly submitted materially false statements to the housing agency in order to assert their eligibility to participate in the program.

The *Complaint* notified Respondents of their right to respond to HUD’s allegations and request a hearing. It also notified them that any response must include the admission or denial of all the allegations against them. Finally, it informed them that a failure to respond could result in HUD seeking a default judgment that could result in a default order that deems admitted all the

allegations against them and that awards the penalties and assessment set forth in the *Complaint* immediately due and payable without further proceedings.

Separate copies of the Government's *Complaint* were personally served upon Respondents. Sadarian Peterson was personally served with the *Complaint* on April 10, 2019. Brianna Geter was personally served on April 16, 2019. Therefore, under HUD's regulations, Peterson and Geter was required to submit a written response no later than May 10, 2019, and May 16, 2019, respectively.

To date, neither Respondent has filed a response, despite the passage of well over thirty days since they each were served with the *Complaint*.

HUD's regulations provide that if a respondent fails to file a timely response to a complaint, the Administrative Law Judge may, upon motion, issue a default judgment against that party. 24 C.F.R. § 26.41(a). Moreover, failure to file a timely response, as defined by HUD regulations, constitutes an admission of all facts alleged in the complaint, a waiver of a respondent's right to a hearing, and entitles the petitioner to a judgment in the amount proposed in its complaint. 24 C.F.R. § 26.41(c).

PROGRAMMATIC BACKGROUND

Section 8 of the United States Housing Act of 1937, codified as amended at 42 U.S.C. § 1437(f), established the HCVP, which provides opportunities for very low-income families to choose and lease safe, decent, and affordable privately-owned rental housing. 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 by having the PHA pay a rent subsidy directly to the owner. 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 and tenant must follow in order to participate in the program. See generally 42 U.S.C. § 1437(f); 24 C.F.R. Part 982.

For example, a PHA may not approve a tenancy under the HCVP if the owner of the unit is the parent, child, grandparent, grandchild, sister, or brother of any member of the tenant's family, unless it determines that approving the tenancy would provide reasonable accommodation for a family member who is a person with disabilities. 24 C.F.R. § 982.306(d). In addition, a housing unit occupied by its owner or by a person with any interest in the unit is ineligible for leasing under the program. 24 C.F.R. § 982.352(a)(6). HUD's standard HAP contract incorporates the statutory and regulatory requirements of the program.

FINDINGS OF FACT

1. At all relevant times, the Michigan State Housing Development Authority ("MSHDA") was a PHA receiving funds from HUD to administer the HCVP in and/or around Detroit, Michigan.

2. Pursuant to the HCVP, on or about March 15, 2013, MSHDA entered into a HAP contract with Sadarian Peterson regarding the rental of a property located at [REDACTED] [REDACTED] (“HAP Unit”). In the HAP contract, MSHDA agreed to pay \$699 in monthly subsidy payments to Peterson on behalf of the HAP Unit’s tenant, Brianna Geter, during the period of her lease.
3. According to the HAP contract, the term of Geter’s lease was from January 21, 2013, to January 31, 2014. The HAP contract listed two members of Geter’s household: Respondent Brianna Deloris Geter and Taylor Deanna Peterson.
4. Peterson’s HAP contract included a certification from him that he “is not the parent, child, grandparent, grandchild, sister, or brother of any member of the family.”
5. Prior to the execution of the HAP contract, Geter submitted a MSHDA Household, Income, Asset, and Expense Declaration on or about August 27, 2012 (“2012 Declaration”). In this declaration, Geter indicated that her household consisted of herself and her daughter, Taylor Peterson. Geter also asserted that she did not own any real estate. Finally, she certified to the accuracy of the declaration.
6. On or about December 11, 2012, Sadarian Peterson submitted a quit claim deed to MSHDA purportedly showing that an individual named Cameron Peterson conveyed the HAP Unit to Sadarian Peterson on November 15, 2012.
7. Between March and December 2013, MSHDA made ten monthly subsidy payments totaling \$7,937 to Peterson for his rental of the HAP Unit to Geter.
8. A subsequent investigation revealed that Respondents were ineligible to participate in the HCVP and discovered multiple false and/or fraudulent statements made by Respondents during their involvement with the HCVP.
9. First, Peterson’s certification in his HAP contract that he was not related to anyone in Geter’s household was false. In fact, Peterson was the father of Geter’s child, Taylor Deanna Peterson.
10. Second, Peterson knowingly altered the quit claim deed submitted to MSHDA; the HAP Unit was actually conveyed by Geter—not Cameron Peterson.
11. Finally, by virtue of the fact that she owned the HAP Unit until November 2012, Geter’s assertion in her 2012 Declaration that she did not own any real estate was also false.
12. During interviews with investigators, both Respondents admitted to knowingly taking these actions to conceal their ineligibility to participate in the HCVP as landlord and tenant.
13. Following the investigation, both Respondents were prosecuted and convicted in Michigan state court for their fraud. Together, they paid \$8,500 in restitution.

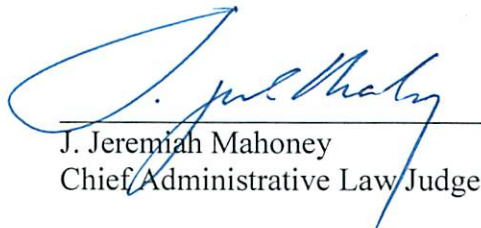
14. HUD filed a *Complaint* against Respondents on April 2, 2019.
15. Sadarian Peterson was personally served with the *Complaint* on April 10, 2019.
16. Brianna Geter was personally served with the *Complaint* on April 16, 2019.
17. Neither Respondent has filed a written response to HUD's *Complaint*.
18. Pursuant to HUD regulations, any response to HUD's *Motion* was due no later than June 17, 2019.
19. Neither Respondent has filed any response to HUD's *Motion*.
20. Both Respondents have failed to defend this action.
21. Due to both Respondents' failure to respond to HUD's *Complaint*, all facts alleged in the *Complaint* are deemed admitted by each Respondent.

CONCLUSIONS OF LAW

By reason of the facts in the *Complaint* deemed admitted by Respondents, Respondents submitted, or caused to be submitted, eight false claims to HUD in connection with their participation in the HCVP.¹ Due to their violations of 31 U.S.C. § 3802(a)(1)(A)-(B), Respondents are therefore jointly and severally liable for eight civil penalties of \$8,500 each and an assessment of \$11,184, for a combined total liability of \$73,029. In its *Complaint*, the Government seeks only \$44,736 in combined civil penalties, in addition to the assessment, for a total award of \$49,765, which credits Respondents for a portion of their \$8,500 in restitution already paid and attributable to HUD's actionable claims. Therefore, this Court finds Respondents jointly and severally liable for \$49,765 in civil penalties and an assessment under the Program Fraud Civil Remedies Act.

This Order constitutes final Agency action.

So ORDERED,



J. Jeremiah Mahoney
Chief Administrative Law Judge

¹ Because of the expiration of the statute of limitations, the Government seeks and Respondents are liable for, penalties and an assessment only for false claims submitted, or caused to be submitted, on or after May 1, 2013.