

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.

VELMA SUE COCHRAN and
NORMA CISNEROS MCGOWEN,

Respondents.

20-JM-0131-PF-003

October 19, 2020

**DEFAULT JUDGMENT AND ORDER AGAINST
NORMA CISNEROS MCGOWEN**

This case arises from a *Complaint* filed by the United States Department of Housing and Urban Development (“HUD,” “Department”) against Velma Sue Cochran (“Cochran”) and Norma Cisneros McGowen (“McGowen” or “Respondent”), whereby HUD sought two penalties and assessments under the Program Fraud Civil Remedies Act of 1986 (“PFCRA”), 31 U.S.C. §§ 3801-3812, as implemented by 24 C.F.R. Part 28.

The *Complaint* alleges the Respondent McGowen, in violation of requirements of the Housing Choice Voucher Program (“Voucher Program”), submitted two false claims totaling \$6,840.

Legal Framework

Under the PFCRA, liability may be imposed on a person who makes, presents, submits, or causes to be made, presented or submitted, a claim to the Department that the person knows or has reason to know is for payment for the provision of property or services which the person has not provided as claimed. *See* 31 U.S.C. § 3802(a)(1)(D). A claim includes any request, demand, or submission made to a recipient of property, services, or money from an authority or to a party to a contract with an authority for property or services if the United States provided any portion of the funds for the purchase of such property or services. *See* 31 U.S.C. § 3801(a)(3)(B)(i)(II).

Under the PFCRA, HUD may seek a penalty for each false claim up to \$8,500 for claims made on or after February 19, 2013. 78 Fed. Reg. 4057 (Jan. 18, 2013) (adjusting the maximum penalty to \$8,500). Also under the PFCRA, in addition to a civil penalty, an assessment of twice

the amount of the claim(s) may be imposed on a person if the Department has made any payment or transferred property on the claim. 31 U.S.C. § 3802(a)(1) & (3); 24 C.F.R. § 28.10(a)(6). Under the PFCRA, “A civil penalty ... may be imposed jointly and severally if more than one person is determined to be liable.” 24 C.F.R. § 28.10(e).

Program Background

The program involved in this case was the Voucher Program, through which HUD pays subsidies to public housing agencies (“PHAs”), which in turn pay subsidies to rental housing owners/landlords so that eligible tenants can afford decent, safe and sanitary housing. 24 C.F.R. § 982.1(a).

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 Department’s Complaint, the Department 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 a *Complaint* in this matter on March 17, 2020. The *Complaint* was served separately on each Respondent. At the time of filing of this Motion, the Government had an agreement in principal to settle the matter as to Respondent Cochran. Respondent McGowen was personally served on March 19, 2020. To date, Respondent McGowen has not filed an answer. On October 2, 2020, the Government filed a *Motion for Default Judgment*.

Findings of Fact

1. The factual findings stated in the “Process” section, *supra*, are incorporated herein by reference.
2. From 2005 through January 2019, Cochran was the Executive Director (“ED”) of Floydada (Texas) Housing Authority (“FHA”) and was responsible for, among other things, overseeing FHA’s Housing Choice Voucher (“Voucher Program”).
3. In 2006, McGowen became an approved landlord under FHA’s Voucher Program for only one residential property.
4. From 2011 through 2014, McGowen also received HUD funded HAP payments issued by Cochran for additional properties that she did not own.
5. On September 25, 2018, Cochran was criminally charged in the United States District Court for the Northern District of Texas with Misprision of a Felony and on November 14, 2018,

McGowen was charged in the same jurisdiction with Theft of Public Money in connection with their joint scheme to steal money for HUD's Voucher Program.

6. On January 25, 2019, Cochran and, on January 31, 2019, McGowen pleaded guilty to Misprision of a Felony and Theft of Public Money respectively for their joint scheme to steal money from HUD's Voucher Program.

7. Cochran's and McGowen's guilty pleas each included signed "Stipulated Facts".

8. Cochran stated in her factual admission that from February 24, 2011, to June 3, 2014, McGowen received HAP payments, totaling \$133,243.00, for properties which she did not own.

9. Cochran acknowledged that she, along with McGowen, knowingly and willingly embezzled, or stole, and converted to her own use these HUD funded HAP payments totaling \$133,243.

10. Cochran, as the person who oversaw the Voucher Program for FHA, signed the HAP payment checks issued to McGowen as the purported owner/landlord of these properties.

11. Cochran further admitted that she knew that McGowen did not actually own those properties.

12. Similarly, McGowen admitted in her statement that she, along with her co-conspirator Cochran, knowingly and willingly embezzled and/or stole, and converted to her own use, the HUD funded HAP payments issued to her during the period of February 24, 2011, to June 3, 2014, for those properties in which it was falsely represented that McGowen owned.

13. On January 25, 2019, Cochran was sentenced in the U.S. District Court for the Northern District of Texas to three years' probation and ordered to pay restitution totaling \$133,243, jointly and severally with co-defendant McGowen, to the U.S. District Clerk for disbursement to HUD-FAD Collections Ft. Worth.

14. On June 7, 2019, McGowen was sentenced to one-year imprisonment and was also ordered to pay \$133,243 in restitution, jointly and severally with Cochran, as set forth above.

15. As a consequence of Cochran's and McGowen's fraudulent scheme, HUD lost \$6,840 for two HAP payments issued on May 1, 2014, and June 1, 2014, made payable to McGowen. Cochran signed each of those HAP payment checks on behalf of HUD and FHA.

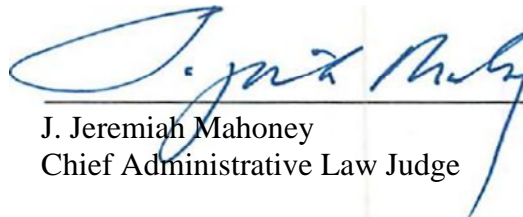
Penalty

Respondent's knowing and material submission of false statements in support of false claims to HUD in connection with the Voucher Program justify HUD's request for a determination finding Respondent McGowan liable for two civil penalties totaling \$17,000, plus an assessment of twice the amount of the falsely claimed amounts ($\$6,840 \times 2 = \$13,680$), for a total award of \$30,680 pursuant to the PFCRA, 31 U.S.C. § 3802(a), and 24 C.F.R. § 28.10.

Order

Accordingly, it is hereby **ORDERED**:

1. Pursuant to the foregoing, the Department's **MOTION FOR DEFAULT JUDGMENT AGAINST NORMA CISNEROS MCGOWEN** is **GRANTED**, and Respondent McGowen is hereby found in **DEFAULT**.
2. Based upon the foregoing findings of fact, Respondent McGowen is liable for two false claims made in May and June of 2014. 24 C.F.R. § 28.10(e).
3. Respondent McGowen shall pay to HUD civil penalties and assessments totaling \$30,680. Such amount is due and payable immediately without further proceedings. 24 C.F.R. § 26.41 (c).
4. This order shall have no effect on the currently pending case against Respondent Velma Sue Cochran. To the extent that HUD recovers any funds from Respondent Cochran, however, HUD shall offset or reduce any recovery it seeks on this judgment by the amount of those funds actually received from Respondent Cochran.
5. This Order constitutes the **FINAL AGENCY ACTION** in the matter against Respondent McGowen. 24 C.F.R. § 26.41(b).




J. Jeremiah Mahoney
Chief Administrative Law Judge

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing **SECOND NOTICE OF HEARING AND ORDER** issued by J. Jeremiah Mahoney, Chief Administrative Law Judge, in HUDOHA 20-JM-0131-PF-003 were sent to the following parties on this 19th day October 2020, in the manner indicated:


Cinthia Matos, Docket Clerk

VIA FIRST-CLASS MAIL

Velma Sue Cochran


VIA EMAIL

Norma Cisneros McGowen


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