

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

In the Matter of:

LORD COMMONS APARTMENTS,  
LLC., a Connecticut limited liability company  
LOUIS D. LAWSON, Sr., Managing Member  
LOUIS D. LAWSON, Jr., Member

Respondents.

HUDALJ 05-060-CMP  
OGC Case No. 05-002-NY

**ORDER GRANTING  
GOVERNMENT'S MOTION FOR SUMMARY JUDGMENT**

In July 2005 the United States Department of Housing and Urban Development ("HUD" or "the Government") filed a Complaint against Lord Commons Apartments, LLC., a Connecticut limited liability company, ("Respondent Lord Commons," or "Respondent Company" or "the mortgagor"), Louis D. Lawson, Sr., an individual, as Managing Member ("Respondent Louis Lawson, Sr."), and Louis D. Lawson, Jr., an individual, as Member ("Respondent Louis Lawson, Jr."), (collectively "Respondents"), seeking civil money penalties totaling \$152,500, pursuant to 12 U.S.C. §§ 1735f-15(c)(B)(x) and 24 C.F.R. Part 30. It alleges that Respondents failed to submit, within the time specified and in a form acceptable to HUD, audited annual financial reports ("audited financial statements") regarding their HUD-insured 54-unit multifamily housing project located in Hartford, Connecticut ("the Property") for fiscal years ending 2000, 2001, 2002, 2003, and 2004, in violation of the National Housing Act, HUD's regulations and their agreement with HUD. The Property was financed with the proceeds of a loan insured against default under Section 207 pursuant to Section 223(f) of the National Housing Act (12 U.S.C. §§ 1713 and 1715n(f)).

The case was initially assigned to Robert Andretta, a judge in this office who has since retired. On February 22, 2007 it was reassigned to me. Numerous pretrial motions were filed and decided by Judge Andretta, including Respondents' Motion to Dismiss, and the Government's Motion to Compel Discovery. Judge Andretta denied Respondents' Motion to Dismiss and granted the Government's Motion to Compel Discovery, ordering Respondents to comply with the Government's discovery requests.

After the case was assigned to me, the Government filed a Motion for Imposition of Sanctions against Respondents for failure to comply with Judge Andretta's Order regarding discovery. By Order of April 5, 2007, I granted the motion. The Order provided that Respondents would be sanctioned for failing to comply with discovery requests, as follows: 1) an inference would be drawn against Respondents as to Respondents' ability to pay the maximum civil money penalty sought by the Government; 2) each matter about which the Government

sought an admission from Respondents would be deemed admitted for the purpose of the prosecution of this case; and 3) Respondents, at the Court's discretion, could be prohibited from introducing evidence relating to, or otherwise relying upon testimony relating to, the information being sought by the Government in its discovery requests.

Respondents filed a motion seeking to have the sanctions vacated. By Order dated May 5, 2007, I denied Respondents' motion.

In their answer to the Complaint, Respondents admit that at the time the Complaint was issued, Respondent Company owned the Property and that Respondents Louis Lawson, Sr. and Louis Lawson, Jr. were members of Respondent Company. Although they deny violating the Act for all the years in question, they implicitly admit to failing to file audited annual financial statements for the years in question. They argue that a penalty should not be imposed because they had made attempts to comply with the requirements. They had hired a Certified Public Accountant ("CPA"), but the CPA did not complete the audits because HUD process was "too consuming." They hired another CPA who was then working on the audits. They also stated that they were desirous of complying with the regulations but were "befuddled" by them. They argued that they were not subject to a civil money penalty under the applicable statute. In the alternative, they argue numerous mitigating circumstances against the amount of civil money penalty requested by the Government (\$152,500). The Company, they state, had no prior history of violations and the buildings were maintained in excellent conditions. The cost of the audit and requested penalty would be "devastating" to them.

On May 7, 2007, the Government filed a Motion for Summary Judgment against Respondents. An amendment to the motion was filed on May 9, 2007. In their response to the Motion for Summary Judgment, as amended, Respondents did not deny that they failed to submit the required audited financial statements. They argue, instead, that "HUD did not inform Respondent until three years after the fact that audited statements were required." They state again that they were not aware of how tedious and time-consuming the process would be for first setting up an account with HUD and then entering information into the system for four years of financial statements. They state, however, that Respondents have now completed the set-up process and had submitted, through their CPA, an audited financial statement for fiscal year 2000. Their CPAs were moving at a fast pace to complete and submit the rest of the outstanding statements. Their CPAs "are doing all in their power and scope to complete submission of the financial statements in a timely manner, given the complexity of the problem Respondents face." Because of this, Respondents request that the Court deny the motion for summary judgment "and set up a hearing to ascertain the facts in this matter and to allow Respondents to present its case to the Court." The Government's motion will be GRANTED.

#### SUMMARY JUDGMENT

Summary judgment will be granted where no genuine issue of material fact exists and the moving party is entitled to judgment as a matter of law. *Anderson v. Liberty Lobby, Inc.* 477

U. S. 242 (1986). If “[u]ndisputed facts . . . point unerringly to a single, inevitable conclusion,” summary judgment is appropriate. *In re Varrasso*, 37 F. 3d 760, 764 (1<sup>st</sup> Cir. 1994).

Moreover, section 26.29(1) of the Rules of Practice governing this proceeding (24 C.F.R. §26.29(1)) provides that an administrative law judge may decide cases by summary judgment where there is no disputed issue of material fact. This provision embodies the concept of Rule 56 of the Federal Rules of Civil Procedure (“FRCP”), which governs motions for summary judgment.<sup>1</sup> Subsection (e) of Rule 56 states in part:

When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of the adverse party’s pleading, but the adverse party’s response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial.

Respondents’ answer to the complaint and response to the motion do not set forth specific facts showing that there is a genuine issue as to whether Respondents failed to file annual audited financial statements with HUD as alleged in the complaint. Accordingly, summary judgment is appropriate.

## DISCUSSION

In 1989 Congress amended the National Housing Act of 1934 and gave the Secretary of HUD authority to impose civil money penalties on mortgagors with HUD-insured mortgages on multi-family projects “for any knowing and material violation of the regulatory agreement executed by the mortgagor” as specified in enumerated violations set out in the statute. (Pub.L. 101-235, Dec. 15, 1989, thereafter codified at 12 U.S.C. §1735f-15(c)(1)(A) through (L)) Subsection (J) of 12 U.S.C. §1735f-15(c)(1) described one of the violations as follows:

(J) Failure to furnish the Secretary, by the expiration of the 60-day period beginning on the 1<sup>st</sup> day after the completion of each fiscal year, with a complete annual financial report based upon an examination of the books and records of the mortgagor prepared and certified to by an independent public accountant or a certified public accountant and certified to by an officer of the mortgagor, unless the Secretary has approved an extension of the 60-day period in writing . . . .

On October 27, 1997, Congress again amended the statute. (Pub. L. 105-65). The statute now reads in pertinent part as follows:

(c) Other violations.—  
(1)(A) Liable parties.

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<sup>1</sup>Although the Rules of Practice at 24 C.F.R. Part 26, not the FRCP, govern this proceeding, the FRCP is referred to for guidance as appropriate.

The Secretary may also impose a civil money penalty under this section on—

- (i) any mortgagor of a property that includes 5 or more living units and that has a mortgage insured, coinsured, or held pursuant to this chapter . . .
- (ii) any general partner of a partnership mortgagor of such property;
- (iii) any officer or director of a corporate mortgagor;
- (iv) any agent employed to manage the property that has an identity of interest with the mortgagor, with the general partner of a partnership mortgagor, or with any officer or director of a corporate mortgagor of such property; or
- (v) any member of a limited liability company that is the mortgagor of such property or is the general partner of a limited partnership mortgagor or is a partner of a general partnership mortgagor;

(B) Violations.

A penalty may be imposed under this section upon any liable party under subparagraph (A) that knowingly and materially takes any of the following actions . . .

- (x) Failure to furnish the Secretary, by the expiration of the 60-day period beginning on the 1<sup>st</sup> day after the completion of each fiscal year, with a complete annual financial report based upon an examination of the books and records of the mortgagor prepared and certified to by an independent public accountant or a certified public accountant and certified to by an officer of the mortgagor, unless the Secretary has approved an extension of the 60-day period in writing . . . [12 U.S.C. §§1735f-15(c)(1)(A) and (B)(x)]

These provisions became effective on December 6, 2001, upon the effective date of HUD's final regulations implementing the 1997 amendments to the statute. (*See* Section 561(c), Pub. L.105-65). There is only one significant difference between the operative language of the statute before December 6, 2001, and the operative language of the statute after that date: the earlier version did not give the Secretary explicit authority to impose a civil penalty upon members or partners of a limited liability company that is mortgagor or the subject property. The following material facts are not in dispute:

1. In exchange for receiving the benefits of a loan insured by HUD, Respondent Lord Commons executed a Regulatory Agreement (the "Regulatory Agreement") with the Secretary on August 15, 2000. Respondent Louis Lawson, Sr., executed the Regulatory Agreement as Managing Member of the company. Louis Lawson, Jr., was a member of Respondent Company. G's Ex. 3; Rs' Ans. 2.
2. Paragraph 9(e) of the Regulatory Agreement requires that "within sixty (60) days

following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary.” G’s Ex. 3.

3. As of September 1, 1998, the Secretary required that all owners of insured or assisted multifamily projects submit their annual financial statements to HUD in electronic form. 63 Fed. Reg. 46,582, 46,592 (September 1, 1998) (codified in 24 CFR §5.801(b)(2)). This was the requirement at the time Respondent Company entered into the Regulatory Agreement with HUD.

4. By regulations of March 27, 2000, the period to file the annual financial report was increased from 60 days to 90 days following the end of each fiscal year. *See* 65 Fed. Reg. 16,295 (March 27, 2000) (codified at 24 CFR 5.801(c)(2)). Respondent Company entered into the Regulatory Agreement in question in August 2000.

5. The fiscal year for the Respondent Company ends on December 31<sup>st</sup>. R’s. Ans.14.

6. With the exception of the FYE 2001 annual financial report, which was due on April 30, 2002, all other audits (fiscal years ending 2000, 2002, 2003, and 2004) were due on March 31<sup>st</sup> of the following year.

7. Prior to the filing of the Complaint in July 2005, the mortgagor had never filed an audited annual financial statement with HUD.

8. On October 23, 2003, the Director of the Secretary’s Departmental Enforcement Center, New York Satellite Office (the “Director”), as the designee of the Assistant Secretary for Housing – Federal Housing Commissioner pursuant to 24 C.F.R. § 30.100, entered into a settlement agreement with Respondent Company for the non-submission of audited annual financial statements for fiscal years 2000, 2001, and 2002. G’s Ex. 4.

9. The settlement agreement provided that in exchange for a payment of \$3,000.00 from Respondent Company, HUD would allow Respondent Company until January 23, 2004 to file the then outstanding audited financial statements (fiscal years 2000, 2001, and 2002).

10. Despite having entered into the settlement agreement, the mortgagor did not file the audited financial statement with HUD for fiscal years 2000, 2001, and 2002 before January 23, 2004, nor did it file for any fiscal year 2000 through 2004 prior to the filing of the Complaint in July 2005. It filed an audited annual statement for 2000 in April 2007.

The facts that are undisputed point to a single conclusion that Respondents failed to file, within the time required by the Agreement and regulations, an audited annual financial statement

with HUD for fiscal years 2000, 2001, 2002, 2003, and 2004. In April 2007, long after the filing of the Complaint, Respondents submitted an audited financial statement for fiscal year 2000. This does not change the fact of the violation for failure to file the required statement in 2001. Moreover, Respondents' claim of the burdensome nature of the filing requirement does not negate or excuse the violation. Accordingly, I find that there is no genuine issue of material facts pertaining to whether the annual audited financial statements for the years 2000, 2001, 2002, 2003, and 2004 were filed within the required time period as alleged in the Complaint.

#### The Violations Were Committed Knowingly

The Complaint charges Respondents with the knowing and material violation of the Regulatory Agreement executed by Lord Commons Apartments with HUD.

In order to impose a civil money penalty, the violation must be a "knowing" violation. 12 U.S.C. §1735f-15(c)(1)(B). The "term 'knowingly' means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this section." 12 U.S.C. §1735f-15(h).

Respondents' failure to file the required audited annual financial statement was a knowing violation. The facts show both actual and constructive knowledge. Respondent Louis Lawson, Sr., executed the Regulatory Agreement that contained the requirement for the filing of annual statements and thus had actual knowledge of the requirement. Moreover, Respondents had an obligation to keep informed of the Secretary's requirements and thus knew or should have known of the regulations governing submission of the financial information. *See U. S. Department of Housing and Urban Development v. Crestwood Terrace Partnership*, HUDALJ 00-002-CMP (January 30, 2001) at 3. Finally, for fiscal years ending 2003, 2004 and thereafter, Respondents surely knew of the obligation to file audited annual financial statements by virtue of the settlement agreement that Respondents entered into with HUD in October 2003, whereby they agreed to submit the non-filed but required audited annual financial statements for fiscal years ending 2000, 2001 and 2002.

The facts show and that Respondents' failure to file the required audited financial statement for the years in question constituted a knowing violation of the Act and regulations.

#### The Violations Are Material

Section 30.10 of 24 C.F.R. states that "*Material or materially* means in some significant respect or to some significant degree." The Secretary has ruled that "the proper standard for what is a 'material violation' warranting a civil money penalty is whether the violation is 'significant.'" Order on Secretarial Review, *In the Matter of Associate Trust Financial Services*, HUDALJ 96-008-CMP, May 5, 1997. To determine whether a violation is significant,

administrative law judges have been ordered by the Secretary to apply a “totality of the circumstances” standard, which is to be determined in turn by consideration of the eight regulatory factors listed in 24 C.F.R. § 30.80 used to determine the amount of a civil penalty. Order on Secretarial Review, *In the Matter of Associate Trust Financial Services*, HUDALJ 96-008-CMP, September 15, 1997. This analytical framework for determining materiality creates unavoidable logical and legal anomalies, however, I am constrained to apply the framework in this decision.

To prove materiality, “the record need not contain sufficient evidence to satisfy all of the factors listed in the regulations – one will suffice.” *Id.* at 15. As discussed below under “Civil Money Penalty,” the Government has established a number of the factors listed in the regulations, including gravity of the offense, ability to pay penalty, some benefit to Respondents, deterrence of future violations, and degree of culpability. Because several factors listed in 24 C.F.R. §30.80 are satisfied, a finding of materiality is required. The facts show and that Respondents’ failure to file the required audited annual financial statement for the years in question constituted a material violation of the Act.

The mortgagor’s failure to timely file audited annual financial statements for fiscal years 2000 through 2004 is a violation of paragraph 9(e) of its Regulatory Agreement with HUD, and subjects Respondents to civil money penalties pursuant to 12 U.S.C. §1735f-15(c)(1)(A)(v) and (B)(x). The motion for summary judgment as to the violation is GRANTED.

#### CIVIL MONEY PENALTY

The Government also requests summary judgment as to the amount of penalty. By statute the Secretary has jurisdiction to impose a civil penalty against liable parties if the violations were material and committed knowingly.

The Government seeks a total civil money penalty of \$152,500 against Respondent Company and a total civil money penalty against individuals Louis Lawson, Sr. and Louis Lawson, Jr., of \$125,000, jointly and severally with Respondent Company. It seeks \$27,500 against Respondent Company for failure to file an audited annual financial statement for the fiscal year ending on December 31, 2000; \$60,000 against Respondents Lord Commons, Louis Lawson, Sr., and Louis Lawson, Jr., jointly and severally, for failing to file audited annual financial statements for fiscal years ending December 31, 2001 and 2002 (\$30,000 per year); and \$65,000 against Respondents Lord Commons, Louis Lawson, Sr., and Louis Lawson, Jr., jointly and severally, for failing to file audited annual financial statements for fiscal years ending December 31, 2003 and 2004 (\$32,500 per year). As previously stated, Respondents argue mitigating circumstances against the amount of civil money penalty requested by the Government and urge this Court to waive or adjust the amount of civil money penalty requested.

In determining the amount of the requested civil money penalty, the Government considered the factors required by the regulations. *See* 24 C.F.R. § 30.80. These are the same factors considered in determining materiality above. They are:

### 1. Gravity of the Respondent's Offense

Failure to provide HUD with audited financial statements is a grave offense. Timely audited financial statements are needed to protect the HUD insurance fund. Risks to the insurance fund may arise from unauthorized distributions and misuse of project funds by HUD insured mortgagors, which may go undetected where audits are not available. *See G's Ex. 4, Declaration of Paul Aprigliano*, Satellite Office Director, OGC, HUD. In this case, Respondents failed to file audited financial statements for five consecutive years. I find that the Government has established the failures to be serious offenses.

### 2. Any History of Prior Offenses by the Respondent

Although the complaint charges Respondents with failing to submit annual financial reports for five consecutive fiscal years, there is no history of prior offenses by Respondents. Only adjudicated offenses qualify as historical offenses. The record does not show that Respondents have a history of adjudicated offenses.

### 3. The Respondent's Ability to Pay the Penalty

Respondents argue that they are unable to pay the penalty requested by the Government – that the requirement to hire a CPA to file the annual financial statement itself is burdensome and that a penalty, in addition thereto, would be devastating.

Respondents have the burden to show that they are unable to pay a penalty because that information is within their knowledge and control. If they do not introduce such evidence at hearing, a finding will be made that they have the ability to pay a penalty. *See Campbell v. United States*, 365 U.S. 85, 96 (1961). However, by Order dated April 5, 2007, this Court ordered that by virtue of Respondents' failure to comply with the Court's Order requiring them to comply with discovery requests, "an inference shall be drawn in favor of the Government and against Respondents as to Respondents' ability to pay the maximum civil money penalty being sought in this case." Respondents' argument against the penalty is not sufficient to overcome the inference drawn against them in favor of the Government. They have presented no evidence of their inability to pay the penalty sought. Accordingly, I find that Respondents have the ability to pay the penalty requested.

### 4. Injury to the Public Interest or the Federal Government from the Respondents' Violation

The evidence presented by the Government establishes injury to the public. Failure to submit required financial statements is a threat to HUD programs. As I have previously ruled, the "failure to provide a reliable and verifiable picture of [the owner's] financial condition places the HUD insurance fund at risk. Without reliable information, HUD is unable to assess the viability of the . . . project." *In re Crestwood Terrace Partnership*, HUDALJ 00-002-CMP,

January 30, 2001, p.7. *See also* G's Ex. 4, *Declaration of Paul Aprigliano*, Satellite Office Director, OGC, HUD. The evidence supports a finding that Respondents' violations injured or threatened to injure the public interest or the Federal Government.

#### 5. Any Benefit, Potential or Actually Received by the Respondent or Other Persons

Respondents benefited economically from the violations in an amount at least equal to the total costs that they would have incurred if the audited financial reports had been prepared and submitted to HUD as required. At this juncture the record does not reveal the amount of those costs. The Government estimates that an accounting firm would have charged from \$8,000 to \$10,000 to prepare an audited financial statement and would multiply that for six years (2001-2006) for a total savings of \$48,000 to \$50,000. Respondents have now filed the annual financial statement for 2000. The Government has alleged the failure to file annual financial statement for fiscal years 2005 and 2006; however, these years will not be considered in assessing savings because the violations are not alleged in the Complaint. Thus, using the estimate provided by the Government, the potential savings would be for four years or \$32,000 to \$40,000. Respondents assert without contradiction, that they hired CPAs to prepare the financial statement on more than one occasion, but were unsuccessful in achieving acceptable filings with the Secretary. They incurred some cost. Accordingly, the extent to which Respondents benefited financially from failing to file the statements is not known. I conclude, however, that there were likely significant savings obtained over the years.

#### 6. The Deterrence of Future Violations from Imposing Penalties

As for the case at bar, imposition of an appropriate civil money penalty will deter Respondents and others similarly situated from ignoring their obligations to the Secretary as imposed by statute and by contract. Mortgagors must not form the belief that they can fail to comply with regulatory agreements with impunity. *See Crestwood, supra.*

#### 7. The Degree of the Respondents' Culpability

The responsibility for ensuring that annual financial statements are filed in a timely and acceptable manner lies squarely with Respondent Company and Respondent Louis Lawson, Sr., who executed the agreement on behalf of Respondent Company. Respondents Company and Lawson, Sr. were, upon execution of the Regulatory Agreement, charged with the obligation to file annual financial statements acceptable to the Secretary. Further, both acknowledged the obligation to file audited annual financial statements in October 2003 when they executed a settlement agreement with HUD. Moreover, the role of Respondent Louis Lawson, Jr. was clearly significant. He is listed as partner of the mortgagor and is described in the documents variously as agent and managing member. The significant culpability of each Respondent is established.

#### 8. Any other Matters Relevant to the Significance or Seriousness of the Respondents' Violation

I view Respondents' failure to live up to the settlement agreement which they executed in October, 2003, to be a matter relevant to the seriousness of the violation alleged in the Complaint. Respondents admittedly were given opportunity to settle the matter the subject of this Complaint with minor monetary consequence. Their failure to abide by that agreement to file the annual financial statements for 2000, 2001, and 2002 before these charges were filed adds to the seriousness of their conduct. Finally, Respondents have not disputed that the annual financial statements for fiscal years 2005 and 2006 have not been filed. Although not charged in this Complaint, I conclude that their failure to timely file these statements is relevant to the significance of the violations, as well.

#### INDIVIDUAL RESPONDENT'S LIABILITY FOR THE VIOLATIONS

The Government seeks to establish the liability of Louis D. Lawson, Sr., and Louis D. Lawson, Jr. for the imposition of civil money penalty in this case for the failure to file audited financial statements for fiscal years after 2000. I conclude that Respondents Louis D. Lawson, Sr. and Louis D. Lawson, Jr. are liable parties for the purpose of the imposition of civil money penalty in this case.

The relevant statute, (Pub. L. 105-65, October 27, 1007)), reads in pertinent part as follows:

- (c) Other violations.—
  - (1)(A) Liable parties.
- The Secretary may also impose a civil money penalty under this section on—
- (i) any mortgagor of a property that includes 5 or more living units and that has a mortgage insured, coinsured, or held pursuant to this chapter . . .
  - (ii) any general partner of a partnership mortgagor of such property;
  - (iii) any officer or director of a corporate mortgagor;
  - (iv) any agent employed to manage the property that has an identity of interest with the mortgagor, with the general partner of a partnership mortgagor, or with any officer or director of a corporate mortgagor of such property; or
- any member of a limited liability company that is the mortgagor of such property or is the general partner of a limited partnership mortgagor or is a partner of a general partnership mortgagor.

The statute became effective on December 6, 2001. The Complaint in this case names Louis D. Lawson, Sr., as a "managing member" of Lord Commons Apartments, LLC. and Louis D. Lawson, Jr. as a "member" of Lord Commons Apartments, LLC. Review of the documents pertaining to the transaction in question shows the signature of Louis D. Lawson, Jr., as "managing member," as well, (see G's Ex. 1, pgs. 2 & 3) and both are listed as partners of the mortgagor of the property on the certification of previous participation. G's Ex. 2. See also G's Ex. 3.

The audited financial statement for fiscal year 2001 was due on March 31, 2002. Since the statute became effective on December 6, 2001, Respondents Louis D. Lawson, Sr. and Louis D. Lawson, Jr. are liable for the failure to file audited financial statements since December 2001.

#### CONCLUSIONS REGARDING AN APPROPRIATE PENALTY

Based on the number and seriousness of the violations involved (5), the need to deprive Respondents of any benefit gained by failing to file the required audited financial statements, and considering that Respondents still have not filed all annual financial statements that are currently due, a hefty penalty would certainly be warranted. However, considering the additional fact that Respondents had opportunity to resolve the matter in 2003 with only a slight penalty by abiding by the settlement agreement entered into with HUD but failed to abide by the terms thereof, I conclude that the penalty sought by the Government is reasonable. Their refusal to file the required financial statements caused HUD to expend unnecessary time and resources to prosecute the case. Their failure to comply with the settlement agreement and their subsequent refusal to file the audited financial statements suggest that they had no intention of ever complying with their obligation under the Regulatory Agreement with HUD, without the filing of this Complaint.

For the reasons discussed above, **IT IS HEREBY ORDERED and ADJUDGED** that:

1. The Government's Motion for Summary Judgment is **GRANTED**. Respondents request for a hearing is **DENIED**.

2. Within 30 days of the date on which this Order becomes final, Respondent Lord Commons Apartments, LLC., shall pay a civil money penalty of \$27,500 to the Secretary of the U.S. Department of Housing and Urban Development for failing to timely file the annual financial report for fiscal year ending December 31, 2000;

3. Within 30 days of the date on which this Order becomes final, Respondent Lord Commons Apartments, LLC. and Respondent Louis D. Lawson, Sr. and Respondent Louis D. Lawson, Jr. shall pay, jointly and severally, a civil money penalty of \$125,000 to the Secretary of the U. S. Department of Housing and Urban Development for failing to timely file the annual financial report for fiscal years ending 2001, 2002, 2003 and 2004; and

4. This Order shall become final within 30 days of issuance unless appealed to the Secretary within that time pursuant to 24 C.F.R. §26.50.

So ORDERED, this 20<sup>th</sup> day of July, 2007.

/s/

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CONSTANCE T. O'BRYANT  
Administrative Law Judge

