

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

**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

Petitioner,

v.

**JAMES WILSON, and
MARTHA FRANKLIN**

Respondents.

**HUDOHA No.: _____
OGC Case No.: 18-0009-PF**

COMPLAINT

The Petitioner, United States Department of Housing and Urban Development (“HUD” or the “Department”), submits this complaint against James Wilson (“Wilson”) and Martha Franklin (“Franklin”), seeking civil 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.

I. INTRODUCTION

1. This is an action under the PFCRA based on the submission of 204 false or fraudulent claims or statements that Wilson and/or Franklin made or caused to be made to HUD in their roles as Executive Director and Finance Director of the Alexander County Housing Authority (“ACHA” or “Authority”), which received annual subsidies from the Office of Public and Indian Housing of the Department of Housing and Urban Development (“PIH”).

2. Against Wilson and Franklin, jointly and severally, HUD seeks 125 civil penalties, totaling \$720,000, plus assessments of \$188,007.38, based on the false claims Wilson and Franklin

made, presented, submitted, or caused to be made, presented or submitted, in disbursing Authority funds provided by HUD.

3. In addition, HUD seeks 73 civil penalties, totaling \$234,768, plus assessments of \$58,695.70 against Franklin, based on the false claims that Franklin, in her capacity as Executive Director of the Authority, made, presented, submitted, or caused to be made, presented, or submitted, in disbursing Authority funds provided by HUD.

4. HUD also seeks 2 civil penalties, totaling \$15,000.00 against Wilson for making or causing to be submitted to HUD two materially false statements.

II. PARTIES

5. HUD is a Federal Executive Department of the United States Government, established pursuant to 42 U.S.C. § 3532.

6. As an Executive Department, HUD is an “authority” within the meaning of the PFCRA. 31 U.S.C. § 3801(a)(1)(A).

7. James Wilson is an individual residing in Cairo, Illinois.

8. Wilson served as the Executive Director for the ACHA from 1989 through April 1, 2013.

9. Wilson is a “person” within the meaning of the PFCRA, 31 U.S.C. § 3801(a)(6).

10. Martha Franklin is an individual residing in Thebes, Illinois.

11. Franklin served as Finance Director for the ACHA from 2004 through April 2013, and as Executive Director for the ACHA from April 2013 through March 2015.

12. Franklin is a “person” within the meaning of the PFCRA, 31 U.S.C. § 3801(a)(6).

III. LEGAL AUTHORITY

13. Authority for the imposition of civil penalties and assessments may be found at 31 U.S.C. § 3802 and HUD's implementing regulations at 24 C.F.R. Part 28.

14. HUD's regulations authorize the General Counsel, or designee, to issue a complaint to the Respondents. 24 C.F.R. § 28.25. Part 28 requires the General Counsel, or designee, to request and obtain approval from the Department of Justice for the issuance of this Complaint. 24 C.F.R. §§ 28.20 and 28.25(a).

15. On November 17, 2017, the Department of Justice, by memo of Chad A. Readler, Acting Assistant Attorney General for Civil Division, granted authority to HUD to issue a complaint under the PFCRA against the Respondents.

16. Jurisdiction is conferred by the PFCRA, 31 U.S.C. §§ 3801-3812, and the Department's implementing regulations at 24 C.F.R. Part 28.

17. The PFCRA imposes liability on "[a]ny 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—(A) is false, fictitious, or fraudulent; [or] (B) includes or is supported by any written statement which asserts a material fact which is false, fictitious, or fraudulent...." 31 U.S.C. § 3802; 24 C.F.R. § 28.10(a)(1)(i)-(ii).

18. The term "person" as used in the PFCRA includes any individual, partnership or corporation. 31 U.S.C. § 3801(a)(6); 24 C.F.R. § 28.5

19. A "claim" within the meaning of section 3802(a) of the PFCRA includes any request, demand, or submission made to HUD for property, services of money (including money representing grants, loans, insurance or benefits). 31 U.S.C. § 3801(a)(3)(A); 24 C.F.R. § 28.5.

20. The PFCRA also imposes liability on any person who makes, presents, or submits, or causes to be made, presented or submitted, a written statement that:

- a. Asserts a material fact which is false, fictitious, or fraudulent; or
- b. Omits a material fact and is false, fictitious, or fraudulent as a result of such omission if the person making, presenting or submitting the statement has a duty to include such material fact; and
- c. Contains or is accompanied by an express certification or affirmation of the truthfulness and accuracy of the contents of the statement.

21. The term “statement” as used in the PFCRA includes any document, representation, certification, or affirmation made with respect to, including relating to eligibility to make, a claim; or with respect to, including relating to eligibility for, a benefit from an authority. 31 U.S.C. § 3801(a)(9); 24 C.F.R. § 28.5 (defining “statement”).

22. The PFCRA provides that any assessment or civil penalties “may be imposed jointly and severally if more than one person is determined to be liable.” 24 C.F.R. § 28.10(e).

23. Under the PFCRA, a civil penalty of not more than \$7,500 for claims occurring after March 8, 2007 and \$8,500 for claims occurring after February 19, 2013, may be imposed for causing such a claim. *See* 31 U.S.C. § 3802(a)(1); 24 C.F.R. § 28.10(a) (2008); 72 Fed. Reg. 5586 (Feb. 6, 2007); 78 Fed. Reg. 4057 (Jan. 18, 2013).

24. Under the PFCRA, an assessment of twice the amount of the claim may also be imposed upon a person if the Department has made any payment or transferred property on the claim. 31 U.S.C. § 3802(a)(1) and (3); 24 C.F.R. § 28.10(a)(6).

IV. PROGRAM BACKGROUND

25. The Federal Government provides financial assistance to state and local governments to provide public housing for low income persons under Section 9 of the United States Housing Act of 1937 (“Section 9”), 42 U.S.C. § 1437g.

26. Public housing agencies (“PHA”) are units of state or local government that administer public housing programs with financial assistance provided by HUD under Section 9.

27. Assistance to PHAs under Section 9 is typically provided under two programs, the Operating Fund program and the Capital Fund program.

28. The Operating Fund subsidy provides funds for the operation and maintenance of public housing to enable the PHA to serve low, very low, and extremely low-income families. 24 C.F.R. § 990.100.

29. The Public Housing Capital Fund Program (the “Capital Fund Program” or “CFP”) provides financial assistance to PHAs to make improvements to existing public housing. The CFP also provides financial assistance to develop public housing, including mixed-finance developments that contain public housing units. 24 C.F.R. § 905.100.

30. To receive Section 9 assistance from HUD in the form of an Operating Fund subsidy, PHAs must execute an Annual Contributions Contract (“ACC”), pursuant to which HUD agrees to provide financial assistance and the PHA agrees to comply with HUD requirements for the development and operation of its public housing projects. 24 C.F.R. § 990.115.

31. To receive CFP funds, PHAs must execute an amendment to the ACC on an annual basis. 24 C.F.R. § 905.100(b)(3).

32. In the annual amendment to the ACC, the PHA agrees to, among other things, “continue to operate each development as low-income housing in compliance with the ACC(s), as amended, the Act and all HUD regulations.”

33. James Wilson, and later Martha Franklin, in their respective capacities as Executive Director, executed the annual amendment to the ACC on behalf of the ACHA.

V. FACTS

34. The ACHA is a PHA formed under the laws of the State of Illinois.

35. The ACHA received Section 9 funding for both an operating subsidy and as a participant in the Capital Fund Program.

36. In 2012, the ACHA received \$2,927,153 in funds from HUD, \$1,986,608 in 2013, \$2,307,733 in 2014 and \$1,915,192 in 2015.

37. Respondent James Wilson was hired as the Executive Director of the ACHA in 1989, and served in that capacity until April 2013.

38. Respondent Martha Franklin served as Finance Director for the ACHA from 2004 through April 2013, and as Executive Director for the ACHA from April 2013 through March 2015.

39. In their capacities as Executive Director and Finance Director, Wilson and Franklin: (a) used public funds to pay for unreasonable and unsubstantiated travel expenses, including charging the Authority for both mileage and airfare, using the Authority's credit card to pay for meals while collecting per diem, and using the Authority's credit card to pay for hotels while collecting lodging vouchers; (b) used ACHA funds to pay personal expenses, such as personal meals and staff gift cards; (c) misused federal funds to make payments to the chairperson of the board for the ACHA; and (d) caused the ACHA to enter into an agreement with Wilson for consulting services in violation of the ACC's conflicts of interest provision.

40. Wilson also caused the ACHA to falsely certify to HUD that the ACHA was in compliance with Civil Rights laws and HUD's lead safety requirements.

Unreasonable Travel Expenses

41. Under the ACC, operation subsidy funds may only be spent on costs that are “necessary for the operation of the project.” *See* HUD Form 53012A.

42. Additionally, the ACHA must comply with the cost principles for grant recipients promulgated by the Office of Management and Budget (“OMB”). 24 C.F.R. §§ 85, 990.310; 2 C.F.R. § 200 *et. seq.*

43. Under OMB Circular A-87, travel costs must be reasonable and necessary. OMB Circular A-87, App. A, ¶ C; *id.* at App. B ¶ 43.

44. Wilson and Franklin attended numerous trainings and used ACHA funds to pay for related travel expenses.

45. Wilson and Franklin knowingly overstated their travel expenses and double-charged the ACHA by:

- a. Charging the ACHA for mileage even though they were using ACHA funds to purchase airfare to travel to their training destinations;
- b. Receiving funds from the ACHA in the form of lodging vouchers while simultaneously using the ACHA credit card to pay for hotel rooms; and
- c. Collecting meal per diem while also using the ACHA credit card to purchase meals for themselves and other ACHA staff.

46. Wilson and Franklin also frequently overcharged the ACHA for meals and lodging by submitting vouchers for a greater number of days than they were actually traveling.

47. While on travel, Wilson and Franklin also used the ACHA credit card to purchase alcohol for themselves and other ACHA staff.

48. By way of example, Wilson and Franklin used ACHA funds to travel to Las Vegas, Nevada for a workshop conducted by TSA, LLC in December 2012. In connection with that trip, Wilson and Franklin, among other things:

- a. Charged the ACHA both for the airfare and mileage to travel to and from Las Vegas;
- b. Charged the ACHA for six days of lodging and eight days of meals, even though the training only lasted two days;
- c. Used the ACHA credit card to pay for their hotel rooms at the Golden Nugget, despite having already received ACHA funds to pay for lodging; and
- d. Used the ACHA credit card to pay for multiple meals and expenses, including alcoholic beverages, even though the ACHA had already paid Wilson and Franklin a meal per diem.

49. Wilson and Franklin approved these expenditures of Authority funds. As stated on the ACHA's internal control policies, expenses of the ACHA were approved by both the Finance Director and the Executive Director.

50. Wilson and Franklin knew or should have known that overstating and double-charging the ACHA for travel expenses was prohibited and that OMB Circular A-87 limits allowable costs for official travel using the funds provided by HUD.

51. Additionally, as administrative and management staff, HUD regulations required Wilson and Franklin to use administrative funds to pay for their respective training and travel expenses. *See* 24 C.F.R. § 990.280; Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management Handbook.

52. Wilson and Franklin improperly used project-specific funds, rather than administrative funds, to pay for administrative and management staff training and related travel expenses.

53. Wilson and Franklin approved these charges in their respective roles as Executive Director and Finance Director.

54. Wilson and Franklin knew or should have known that project-specific funds may not be used to pay for travel expenses for administrative and management staff.

Personal Expenses

55. Wilson also used ACHA funds to purchase meals for himself and ACHA staff.

56. Wilson was not on travel for these meals, but rather was in and around the local area of the ACHA.

57. These meals were personal expenses of Wilson, which were paid for with ACHA funds.

58. Franklin, as Finance Director, approved these expenses.

59. Wilson and Franklin also used ACHA funds to purchase gifts for the staff.

60. By way of example, Franklin charged \$1,352.12 to a Visa card account maintained by the ACHA for a purchase at Walmart which included:

- a. Three gift cards to restaurants totaling \$75.00;
- b. 45 gift cards to Walmart totaling \$1,125.00; and
- c. 10 turkeys totaling \$152.12.

61. The purchase authorization justifies the expenditure with a handwritten margin note stating "Gift Cards/Xmas Party."

62. Wilson as Executive Director approved this expenditure of Authority funds, which were required by the ACHA's internal control policies expenses to be reviewed and approved by both the Finance Director and Executive Director.

Misuse of Resident's Council Funding

63. HUD regulations allow for a portion of the Operating Subsidy to be paid to a resident's council to support tenant participation activities.

64. Resident's Councils must operate in accordance with 24 C.F.R. Part 964 and PIH Notice 2013-21 (formerly PIH Notice 2001-3).

65. HUD requirements provide that Resident's Councils may operate in accordance with enacted by-laws and work with the PHA to spend monies in accordance with a budget on eligible activities.

66. Resident Councils may spend money on three categories of eligible activities: (a) tenant participation activities; (b) tenant self-sufficiency activities; and (c) stipends to Resident Council board members.

67. Resident Councils' spending must be in accord with its by-laws, budget, and OMB Circular A-87.

68. Resident Councils must produce financial records to the PHA to support the eligible use of funds.

69. From November 2011 through April 2015, the ACHA paid \$24,500 in subsidies to the Elmwood Resident Council, \$16,750 in subsidies to the McBride Resident Council, and at least \$8,400 to Irene McBride as a stipend for serving as President of the Elmwood Resident Council.

70. There is no accounting for the use of Elmwood Resident Council or McBride Resident Council funds during the 2011-2015 time period.

71. All monies paid for the Elmwood Resident Council were paid directly to Irene McBride.

72. Irene McBride was the only Resident Council officer to receive a stipend.

73. During the 2011-2015 time period, Irene McBride also served as the Chairperson for the ACHA Board of Commissioners.

74. Board members may not receive compensation under 310 ILL. COMP. STAT. 10/7.

75. Without by-laws and records to support the expenditure of Resident Council funds, the use of Operating Subsidy funds for this purpose constitutes a violation of HUD's regulations.

76. In the absence of a properly functioning Resident Council, the payment of a stipend to Irene McBride was an ineligible use of funds.

77. HUD notified the ACHA of a need to support the Resident Council operations and expenditures by letter dated May 6, 2010.

78. Notwithstanding HUD's letter, as the ACHA's Executive Director, Wilson approved these expenditures from September 2011 to April 2013.

79. Franklin approved these expenditures in her capacity as Finance Director from September 2011 to April 2013, and then in her capacity as Executive Director from April 2013 to April 2015.

Conflicts of Interest

80. On March 23, 2012, during Wilson's tenure as Executive Director, the ACHA entered an agreement with Wilson for consulting services.

81. Pursuant to the terms of the consulting agreement, the ACHA agreed to employ Wilson as a consultant for an 18-month term, commencing on April 1, 2013 and ending September 30, 2014.

82. The ACC states, in pertinent part, as follows:

(A)(1) [N]either the H[ousing] A[uthority] nor any of its contractors or their subcontractors may enter into any contract, subcontract, or arrangement in connection with a project under this ACC in which any of the following classes of people has an interest, direct or indirect, during his or her tenure or for one year thereafter: (i) Any present or former member or officer of the governing body of the H[ousing] A[uthority]...

(3) The requirements of this subsection (A)(1) may be waived by HUD for good cause, if permitted under State and local law....

ACC at § 19.

83. Under the ACC, as Executive Director of the ACHA, Wilson was prohibited from entering into any contract with the ACHA.

84. HUD may grant a waiver of this provision upon request for good cause. *See* ACC at § 19(A)(3).

85. The ACHA did not seek a waiver from HUD of this conflict of interest.

86. HUD did not grant a waiver of this provision for this contract.

87. HUD, by letter of October 22, 2013, declared the consulting contract between Wilson and the ACHA null and void due to the conflict of interest.

88. Notwithstanding HUD's notice that Wilson's role as Executive Director created a conflict of interest in violation of the ACC, Wilson entered into a subsequent contract with the ACHA on October 25, 2013.

89. The October 25, 2013 contract was for a release of legal claims in exchange for the full payment due under the voided consulting contract.

90. Wilson separated from his employment as Executive Director on April 1, 2013, and as such was subject to the prohibition on conflict of interest contracts until April 1, 2014.

91. The October 25, 2013 contract was prohibited by the ACC conflict of interest provision as it was within one-year of the end of Wilson's employment with the ACHA.

92. The ACHA did not seek a waiver from HUD of this conflict of interest.

93. HUD did not grant a waiver of this provision for this contract.

94. Notwithstanding the foregoing, Franklin, in her capacity as Executive Director of the ACHA, approved payments from the ACHA to Wilson under both the March 23, 2012 contract and the October 25, 2013 release.

95. Wilson and Franklin knew or should have known that the above-referenced contracts and payments thereunder were in violation of the ACC.

False Certification of Civil Rights Compliance

96. Under Wilson's direction and control the ACHA executed false Civil Rights certifications as the ACHA was not in compliance with its obligations under Civil Rights laws since it perpetuated segregation in its projects, engaged in employment discrimination, and failed to comply with its obligations to provide accessible accommodation to disabled persons.

97. For subsidies provided to PHAs, HUD requires the submission of an annual Civil Rights certification for assurance of compliance. 24 C.F.R. § 903.7(o).

98. In that certification, the ACHA states "that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990...."

99. Title VI of the Civil Rights Act of 1964 states, "[n]o person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.", 42 U.S.C. § 2000d; 24 C.F.R. Part 1.

100. These certifications were knowingly false as the ACHA did not comply with Title VI of the Civil Rights Act or the Fair Housing Act.

101. HUD's Office of Fair Housing and Equal Opportunity ("FHEO") participated in an on-site review of the ACHA in 2014.

102. FHEO issued letters to ACHA detailing its findings on September 30, 2014.

103. FHEO found that ACHA was not in compliance with applicable Civil Rights laws.

a. Perpetuation of Segregation

104. The ACHA has suffered from segregation in its public housing.

105. In 1974 the ACHA agreed to a settlement which required integration of its public housing projects.

106. As of the 2014 review, the Elmwood and McBride projects were 96% and 97% black.

107. As of the 2012 American Consumer Survey by the U.S. Census Bureau, Alexander County was 61% white.

108. Wilson stated to HUD staff that he was not going to force different races to live together.

109. Franklin responded to HUD's findings by stating that it was the way ACHA has always been and she did not intend to change it.

110. Elmwood and McBride are by ACHA's admission obsolete and slated for demolition.

111. The ACHA, however, devoted more resources to maintenance at newer projects.

112. Elmwood and McBride experienced higher crime rates, but received less security resources than other projects.

113. Security resources were directed to AMP 3, which was to Wilson and Franklin's benefit as AMP 3 contained the ACHA's administrative offices.

114. The ACHA under Wilson and Franklin's leadership knowingly continued a practice of segregation and exposed black residents to unfavorable conditions.

b. Perpetuation of Discriminatory Employment Practices

115. The ACHA engaged in a practice of racial discrimination in employment.

116. The ACHA maintenance workers were covered by a Collective Bargaining Agreement ("CBA").

117. Despite the CBA, maintenance workers were paid different rates based in part on race.

118. FHEO found that white workers were paid more with less seniority, and at the same time tasked to perform less intensive maintenance work.

119. As Executive Director, Wilson, and later Franklin, controlled employee pay rates and work assignments.

120. The ACHA collected and provided comparative wage data.

121. The ACHA continued discriminatory employment practices despite its obligations under Title VI of the Civil Rights Act and HUD's non-discrimination policies.

c. Violation Section 504 of the Rehabilitation Act

122. The ACHA violated its obligations under Section 504 of the Rehabilitation Act.

123. Section 504 provides that "no qualified individual with handicaps shall, because a recipient's facilities are inaccessible to or unusable by individuals with handicaps, be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance." 24 C.F.R. § 8.20.

124. The ACHA has 473 total units.

125. The ACHA has 21 units designated accessible, less than the five percent target. 24 C.F.R. § 8.23(b)(1).

126. FHEO determined that several of the allegedly accessible units were not accessible, as bedrooms were on a second level and there was no means of access for a mobility impaired tenant.

127. ACHA could not establish that it had conducted a needs assessment or implemented a transition plan to address the need for accessible units as required by HUD. 24 C.F.R. §§ 8.21(c)(4) and 8.25(c).

128. The ACHA did not take steps to attempt to comply with its obligations under Section 504, as the ACHA did not undertake required planning and the units it identified as accessible were not accessible.

129. Wilson knew or had reason to know of the demonstrated violations of the applicable Civil Rights laws.

130. Despite the knowing violations of the non-discrimination provision of Title VI in both housing and employment and the knowing non-compliance with Section 504, Wilson caused the ACHA to falsely certify to HUD that the ACHA was in compliance with its Civil Rights obligations.

False Certification of Compliance with Lead Safe Housing Rules and Regulations

131. HUD's lead-based paint regulations, referred to as the Lead Safe Housing Rule ("LSHR") and the Lead Disclosure Rule ("LDR"), are found at 24 C.F.R. part 35.

132. The LDR and LSHR apply to all "target housing" that is federally owned or receives federal assistance.

133. “Target housing” is defined as:

Any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than 6 years of age resides or is expected to reside in such housing) or any 0-bedroom dwelling.

24 C.F.R. § 35.86.

134. Certain of the ACHA’s constituent properties, including (b) (6) and (b) (6), were constructed prior to 1978, and are thus “target housing” subject to the requirements of the LDR and LSHR.

135. As a recipient of federal funds that leases housing constructed prior to 1978, the ACHA is subject to the LSHR and LDR.

136. As a condition of receiving federal funding, HUD requires the annual submission of Certifications of Compliance with PHA Plans and Related Regulations.

137. The ACHA, as a PHA recipient of Section 9 funding, was required to comply with the LDR and LSHR and submit an annual certification of compliance.

138. In that annual certification, the ACHA states, in pertinent part, that it “will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 C.F.R. Part 35.”

139. Under the LDR and LSHR, public housing authorities are required, among other things, to:

- a. Supply tenants who reside in a unit with the potential for lead-based paint with a brochure detailing the effects of lead-based paint poisoning. 24 C.F.R. §§ 35.88, 35.130, 35.1110(b).
- b. Disclose to tenants all known lead-based paint and/or lead-based paint hazards in the unit or common areas, and provide tenants with copies of any available records or reports pertaining to the lead-based paint and/or lead-based paint hazards. 24 C.F.R. § 35.88.
- c. Conduct a lead-based paint assessment of all target units. 24 C.F.R. § 35.1115(a).

- d. Conduct an initial risk assessment for every unit that tested positive for the presence of lead-based paint or, if no inspection was performed, for every unit with the potential for lead-based paint. 24 C.F.R. § 35.1115(b).
- e. Abate all lead-based paint hazards identified during the inspection or risk assessment. 24 C.F.R. § 35.1120(a).
- f. Conduct interim controls in units where abatement of all lead-based paint and lead-based paint hazards has not yet occurred. 24 C.F.R. § 35.1120(b).
- g. Perform visual assessments for deteriorated paint, bare soil and the failure of any hazard reduction measures every twelve months and at unit turnover. 24 C.F.R. § 35.1355(a)(2).
- h. Provide notice to residents when an evaluation or hazard reduction measure is undertaken. 24 C.F.R. §§ 35.125, 35.1110(a).
- i. Conduct reevaluations every two years to identify the following: deteriorated paint surfaces with known or suspected lead-based paint; deteriorated or failed interim controls of lead-based paint hazards or encapsulation or enclosure treatments; dust-lead hazards; and soil that is newly bare with lead levels equal to or above the standards in § 35.1320(b)(2). 24 C.F.R. § 35.1355(c).

140. Additionally, public housing authorities must ensure that workers conducting hazard reduction or performing maintenance work that implicates lead-based paint engage in lead-safe work practices. 24 C.F.R. §§ 35.1345, 35.1350, 35.1335(a)(4).

141. Between 1991 and 1995, the ACHA conducted certain testing to identify lead-based paint.

142. The testing concluded that lead-based paint was present within the ACHA units and common areas.

143. Although the ACHA conducted some abatement work on door frames, interior window frames, wood bathroom accessory rails and stairway rail caps in 1993 and 1994, lead-based paint remained on other surfaces within common areas and the units.

144. In September 2003, it was discovered that a child residing at (b) (6) had an elevated blood lead level, and the Illinois Department of Public Health caused a licensed lead inspector/risk assessor to conduct a lead investigation at the property.

145. In a letter dated September 26, 2003, the Illinois Department of Public Health advised the ACHA that the risers, baseboard and tread at (b) (6) were “determined to be lead-bearing substances” that “must be monitored and maintained.”

146. In 2017, HUD caused a lead-based paint inspection to be conducted at the (b) (6) and (b) (6) properties. The inspection confirmed that lead-based paint was present on stair risers and stair stringers throughout both properties.

147. A review of the ACHA’s records reveal that during Wilson and Franklin’s respective tenures as Executive Director, the ACHA failed to comply with the LSHR and the LDR.

148. Upon information and belief, the ACHA failed to supply tenants residing in units with lead-based paint or the potential for lead-based paint with a brochure detailing the effects of lead-based paint poisoning.

149. Upon information and belief, the ACHA failed to disclose to tenants all known lead-based paint and/or lead-based paint hazards at the property.

150. Upon information and belief, the ACHA failed to provide tenants with all records or reports available to the ACHA pertaining to lead-based paint and/or lead-based paint hazards.

151. Upon information and belief, the ACHA failed to conduct risk assessments.

152. Upon information and belief, the ACHA failed to abate all lead-based paint or conduct interim controls.

153. Upon information and belief, the ACHA failed to conduct visual assessments.

154. Upon information and belief, the ACHA failed to conduct reevaluations of lead-based paint or lead-based paint hazards.

155. Despite these ongoing and continuous violations of HUD's lead-based paint rules and regulations, Wilson, in his capacity as Executive Director, caused the ACHA to certify to HUD that the ACHA was in compliance with HUD's lead-based paint regulations, including the LSHR and LDR.

156. The ACHA's lead-based paint certifications were false, as Wilson knew or should have known of the ACHA's ongoing violation of the applicable lead-based paint laws.

VI. ALLEGATIONS OF LIABILITY

Counts 1-62 – Travel Claims

Against James Wilson and Martha Franklin, Jointly and Severally

157. The Department re-alleges and incorporates by reference paragraphs 1-156.

158. Wilson and Franklin attended numerous public housing trainings and charged related travel expenses to the ACHA.

159. Prior to each trip, Wilson and Franklin prepared and submitted travel vouchers to the ACHA to cover mileage, meal and lodging expenses.

160. Wilson and Franklin's travel vouchers overcharged the ACHA for their respective travel expenses because the vouchers:

- a. Charged the ACHA for mileage when Wilson and Franklin were traveling by air;
- b. Overcharged the ACHA for meals and lodging by overstating the number of days Wilson and Franklin were traveling; and
- c. Charged the ACHA for meals and lodging when Wilson and Franklin were charging meals and lodging expenses to an ACHA credit card.

161. Certain of these vouchers were improperly paid for with project-specific funds rather than administrative funds.

162. Notwithstanding the foregoing, Wilson and Franklin authorized the ACHA to pay these voucher expenses.

163. While on travel, Wilson and Franklin also used ACHA credit cards to pay for meals, lodging, and other related travel expenses.

164. Charges to the ACHA credit card for meals and lodging expenses constituted a double-charge by Wilson and Franklin, and thus an ineligible use of ACHA funds, as Wilson and Franklin had already received vouchers for meal and lodging expenses.

165. While on travel, Wilson and Franklin also used the ACHA credit card to purchase alcohol, which is specifically prohibited by OMB Circular A-87. *See* OMB Circular A-87, Att. B, ¶ 3.

166. Additionally, certain of these charges by Wilson and Franklin were improperly paid for with project-specific funds rather than administrative funds.

167. Notwithstanding the foregoing, Wilson and Franklin approved the payment of these credit card charges with ACHA funds.

168. Each individual voucher and payment for ineligible travel expenses constitutes a separate claim.

169. Between October 2011 and May 2014, the ACHA made 62 payments for ineligible travel expenses.

170. Wilson and Franklin knew or should have known that these charges were improperly charged to the projects, overstated, and constituted double-charging, and were thus an ineligible use of ACHA funds.

171. The following chart specifically identifies each claim:

Count No.	Date	Description	Type of Payment	Reason(s) Payment is Improper	Amount
<i>Las Vegas, Nevada, February 2012</i>					
1	2/7/2012	Wilson voucher for mileage, six days of lodging and nine days of meals.	Voucher	Voucher improperly charges for lodging for six days and nine days of meals when training only lasted three days. Voucher also constitutes a double-charge as meals and lodging were separately charged on ACHA credit card.	\$2,025.10
2	2/7/2012	Lodging reimbursement for Golden Nugget Hotel	Check	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$170.63
3	2/15/2012	Grotto Ristorante	Credit Card	Expense constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$71.00
<i>Seattle, Washington, May 2012</i>					
4	4/19/2012	Wilson voucher for mileage, six days lodging and meals for eleven days.	Voucher	Voucher improperly charged to the projects. Voucher also improperly charges for lodging for six days and eleven days of meals when the training only lasted five days. Finally, voucher constitutes a double-charge, as meals and lodging were separately charged on the ACHA credit card.	\$2,548.00
5	5/9/2012	Sheraton Seattle Hotel. Charge includes meals and lodging expenses.	Credit Card	Expense was improperly charged to the projects. Expense also constitutes a double-charge as lodging and meals were separately charged to the ACHA via voucher.	\$1,432.20
6	5/9/2012	Sheraton Seattle Hotel	Credit Card	Expense was improperly charged to the projects. Expense also constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$4.40
7	5/10/2012	Sheraton Seattle Hotel	Credit Card	Expense was improperly charged to the projects.	\$176.00

				Expense also constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	
8	5/9/2012	Orange Cab Company Seattle WA	Credit Card	Expense was improperly charged to the projects.	\$46.50
9	5/7/2012	Space Needle Restaurant	Credit Card	Expense was improperly charged to the projects. Expense also constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$181.00
10	5/8/2012	Elliott's Oyster House	Credit Card	Expense was improperly charged to the projects. Expense also constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$180.00
<i>San Francisco, California, July 2012</i>					
11	6/11/2012	Reimbursement to James Wilson for airfare to San Francisco, CA.	Check	Reimbursement was improperly charged to the projects. Reimbursement also constitutes a double-charge as mileage was separately charged to the ACHA via voucher.	\$1,689.00
12	7/16/2012	Wilson voucher for mileage, six days lodging and meals for nine days.	Voucher	Voucher was improperly charged to the projects. Voucher also improperly charges for lodging for six days and nine days of meals when the training only lasted three days. Finally, voucher constitutes a double-charge, as airfare was separately reimbursed, and meals and lodging were separately charged on ACHA credit card.	\$2,880.10
13	7/29/2012	Fisherman's Wharf	Credit Card	Expense improperly charged to the projects. Expense also constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$249.49
14	7/31/2012	Lambert's Parking	Credit Card	Expense improperly charged to the projects.	\$84.00

15	7/31/2012	Legends Bar of San Francisco	Credit Card	Expense improperly charged to the projects. Expense also constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$52.67
16	8/1/2012	Marriott San Francisco	Credit Card	Expense improperly charged to the projects. Expense also constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$535.15
17	8/1/2012	Marriott San Francisco	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$440.30
18	8/1/2012	Reimbursement for James Wilson Cab Fare	Check	Reimbursement improperly charged to the projects.	\$100.00
Washington, DC, September 2012					
19	8/31/2012	Wilson voucher for mileage, two days lodging and meals for five days.	Voucher	Voucher was improperly charged to the projects. Voucher also improperly charges for meals for five days when the training only lasted three days. Finally, voucher constitutes a double-charge, as lodging was separately charged to the ACHA credit card.	\$956.03
20	9/11/2012	Washington Court Hotel (charge includes lodging and meals)	Credit Card	Expense was improperly charged to the projects. Expense also constitutes a double-charge, meals and lodging were separately charged to the ACHA via voucher.	\$808.86
21	9/11/2012	Lambert's Parking	Credit Card	Expense improperly charged to the projects.	\$63.00
22	9/12/2012	Reimbursement to James Wilson for cab fare	Credit Card	Expense improperly charged to the projects.	\$80.00
Nashville, Tennessee, October 2012					
23	10/17/2012	Wilson voucher for mileage and meals for two days.	Voucher	Voucher improperly charged to the projects. Voucher also constitutes a double-charge, as	\$308.70

				meals were separately charged to the ACHA credit card.	
24	10/17/2012	Franklin voucher for mileage and meals for two days.	Voucher	Voucher improperly charged to the projects. Voucher also constitutes a double-charge, as meals were separately charged to the ACHA credit card.	\$308.70
25	10/26/2012	Renaissance Hotel	Credit Card	Expense improperly charged to the projects.	\$250.00
26	10/31/2012	Renaissance Hotel	Credit Card	Expense improperly charged to the projects.	\$525.26
27	10/27/2012	Renaissance Hotel (Dinner at Commerce Street Grill)	Credit Card	Expense constitutes a double-charge as meals were separately charged to the ACHA via voucher. Expense also improperly includes charges for alcoholic beverages.	\$700.00
<i>Las Vegas, Nevada, December 2012</i>					
28	9/12/2012	Reimbursement check to James Wilson for Airfare to Las Vegas	Check	Expense improperly charged to the projects. Expense also constitutes a double-charge as Wilson and Franklin's vouchers both separately charged the ACHA for mileage.	\$1,798.40
29	9/12/2012	Franklin voucher for mileage, lodging for six days and eight days of meals.	Voucher	Voucher improperly charged to the projects. Voucher also improperly charges six days of lodging and eight days of meals when training only lasted two days. Finally, voucher constitutes a double-charge as airfare was separately reimbursed, and meals and lodging were separately charged to ACHA credit card.	\$1,565.61
30	11/28/2012	Wilson voucher for mileage, lodging for six days and eight days of meals.	Voucher	Voucher improperly charged to the projects. Voucher also improperly charges six days of lodging and eight days of meals when training only lasted two days. Finally, voucher constitutes a double-charge as airfare was	\$1,565.61

				separately reimbursed, and meals and lodging were separately charged to ACHA credit card.	
31	12/13/2012	Golden Nugget	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$201.14
32	12/13/2012	Golden Nugget	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$201.14
33	12/13/2012	Golden Nugget	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$201.14
34	12/13/2012	Golden Nugget	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$223.74
35	12/13/2012	Golden Nugget	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the ACHA via voucher.	\$201.14
36	12/12/2012	Las Vegas Limousines	Credit Card	Unreasonable expense for personal transportation.	\$81.00
37	12/14/2012	Grotto Las Vegas	Credit Card	Expense constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$406.21
38	12/14/2012	La Salsa Cantina	Credit Card	Expense constitutes a double-charge as meals were separately charged to the ACHA via voucher. Charge also improperly includes alcoholic beverages.	\$100.00
39	12/12/2012	Chili's	Credit Card	Expense constitutes a double-charge as meals were separately charged to the ACHA via voucher. Charge also improperly includes alcoholic beverages.	\$96.86
San Diego, California, January 2013					
40	1/7/2013	Wilson voucher for mileage, lodging for six	Voucher	Voucher improperly charges six days of lodging and ten days of meals when training	\$2,178.67

		days and meals for ten days.		only lasted four days. Voucher also constitutes a double-charge as meals and lodging were separately charged to ACHA credit card.	
41	1/7/2013	Franklin voucher for mileage, lodging for six days and meals for ten days.	Voucher	Voucher improperly charges six days of lodging and ten days of meals when training only lasted four days. Voucher also constitutes a double-charge as meals and lodging were separately charged to ACHA credit card.	\$2,178.67
42	1/17/2013	Hilton Hotel San Diego	Credit Card	Expense constitutes a double-charge as lodging expenses were charged to the ACHA via voucher.	\$495.40
43	1/17/2013	Hilton Hotel San Diego	Credit Card	Expense constitutes a double-charge as lodging expenses were charged to the ACHA via voucher.	\$564.13
44	1/17/2013	Hilton Hotel San Diego	Credit Card	Expense constitutes a double-charge as lodging expenses were charged to the ACHA via voucher.	\$495.40
45	1/18/2013	Embassy Suites Downtown San Diego	Credit Card	Expense constitutes a double-charge as lodging expenses were charged to the ACHA via voucher.	\$270.18
46	1/18/2013	Embassy Suites Downtown San Diego	Credit Card	Expense constitutes a double-charge as lodging expenses were charged to the ACHA via voucher.	\$270.18
47	1/18/2013	Embassy Suites Downtown San Diego	Credit Card	Expense constitutes a double-charge as lodging expenses were charged to the ACHA via voucher.	\$270.18
48	1/15/2013	Ruth's Chris Steakhouse	Credit Card	Expense constitutes a double-charge as meals were separately charged to the ACHA via voucher.	\$290.00
<i>Las Vegas, Nevada, March 2013</i>					
49	2/19/2013	Wilson voucher for mileage, lodging for six	Voucher	Voucher improperly charged to the projects. Voucher also improperly charges for six days of lodging and eight days	\$1,759.41

		days and eight days of meals.		of meals even though the training only lasted three days. Finally, voucher constitutes a double-charge as meals and lodging were separately charged to ACHA credit card.	
50	2/19/2013	Franklin voucher for mileage, lodging for six days and eight days of meals.	Voucher	Voucher improperly charged to the projects. Voucher also improperly charges for six days of lodging and eight days of meals even though the training only lasted three days. Finally, voucher constitutes a double-charge as meals and lodging were separately charged to ACHA credit card.	\$1,203.81
51	3/8/2013	Rio Suites (lodging and meals)	Credit Card	Expense constitutes a double-charge as meals and lodging were separately charged to the ACHA via voucher.	\$281.97
52	3/8/2013	Rio Suites (lodging and meals)	Credit Card	Expense constitutes a double-charge as meals and lodging were separately charged to the ACHA via voucher.	\$1,902.89
53	3/8/2013	Rio Suites	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$245.61
54	3/8/2013	Rio Suites	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$232.96
55	3/8/2013	Rio Suites	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$232.96
56	3/8/2013	Rio Suites	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$232.96
57	3/8/2013	Rio Suites	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$232.96

<i>Clearwater, Florida, March 2013</i>					
58	3/11/2013	Wilson voucher for mileage, lodging for two days and meals for eight days.	Voucher	Voucher improperly charged to the projects. Voucher constitutes a double-charge as the ACHA credit card was also used to pay for lodging.	\$768.65
59	3/11/2013	Franklin voucher for mileage, lodging for two days and meals for eight days.	Voucher	Voucher improperly charged to the projects. Voucher constitutes a double-charge as the ACHA credit card was also used to pay for lodging.	\$768.65
60	3/20/2013	Sheraton Hotels Sand Key Clearwater FL	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$1,248.38
61	3/20/2013	Sheraton Hotels Sand Key Clearwater FL	Credit Card	Expense constitutes a double-charge as lodging was separately charged to the AHCA via voucher.	\$1,196.00
<i>New Orleans, Louisiana, June 2014</i>					
62	5/20/2014	Wilson voucher for mileage and meals for five days.	Voucher	Payment was improper as James Wilson was no longer employed by the ACHA.	\$927.20
TOTAL					\$41,755.30

172. As the above-referenced claims were submitted for payment to the ACHA whose funding is provided in part by HUD, the claims are actionable under the PFCRA as false claims. *See* 31 U.S.C. §§ 3802(a), 3801(a)(3)(B).

173. Pursuant to the PFCRA, HUD is entitled to an assessment in the amount of \$83,510.60 for Wilson and Franklin's payments and authorization of the same for travel expenses using ACHA funds. HUD is also entitled to a civil penalty for each claim, due to the false claim made, submitted or caused to be submitted by Wilson and Franklin.

Counts 63-64 – Travel Claims
Against Martha Franklin

174. The Department re-alleges and incorporates by reference paragraphs 1-156.

175. During Martha Franklin's tenure as Executive Director, she attended trainings in New Orleans, Louisiana in May 2014 and in Tampa, Florida in July 2014.

176. Prior to each trip, Franklin prepared and submitted travel vouchers to the ACHA to cover mileage, meal and lodging expenses.

177. Franklin's travel vouchers were paid for with project-specific funds rather than administrative funds.

178. Notwithstanding the foregoing, Franklin authorized the ACHA to pay these voucher expenses.

179. Each individual voucher and payment for ineligible travel expenses constitutes a separate claim.

180. Between May 2014 and July 2014, the ACHA made two payments for ineligible travel expenses.

181. Franklin knew or should have known that these charges were improperly charged to the projects rather than the COCC.

182. The following chart identifies each claim:

Count No.	Date	Description	Type of Payment	Reason(s) Payment is Improper	Amount
63	5/20/2014	Voucher for Martha Franklin to travel to New Orleans, LA. Voucher claims mileage and meals for five days.	Voucher	Voucher was improperly charged to the projects.	\$927.20
64	7/15/2014	Voucher for Martha Franklin to travel to Tampa, FL. Voucher claims mileage,	Voucher	Voucher was improperly charged to the projects.	\$1,040.65

		lodging for two days and meals for six days.			
TOTAL					\$1,967.85

183. As the above-referenced claims were submitted for payment to the ACHA whose funding is provided in part by HUD, the claims are actionable under the PFCRA as false claims. *See* 31 U.S.C. §§ 3802(a), 3801(a)(3)(B).

184. Pursuant to the PFCRA, HUD is entitled to an assessment in the amount of \$3,935.70 for Franklin's payments and authorization of the same for travel expenses using ACHA funds. HUD is also entitled to a civil penalty for each claim, due to the false claim made, submitted or caused to be submitted by Franklin.

Counts 65-71 – Personal Expense Claims
Against James Wilson and Martha Franklin, Jointly and Severally

185. The Department re-alleges and incorporates by reference paragraphs 1-156.

186. Wilson and Franklin had access to and use of a Chase credit card account in the name of the ACHA.

187. Other employees of the ACHA had credit cards on the ACHA account and used those cards subject to Wilson and Franklin's review and approval.

188. In their respective roles as Executive Director and Finance Director, Wilson and Franklin reviewed and approved the charges to that Chase credit card account and reviewed and approved payment of that account with ACHA funds.

189. Wilson and Franklin used the credit card account to cause the ACHA to pay for personal expenses.

190. In order for expenses to be eligible uses of federal funds, they must be "necessary for the operation of the project" (*see* HUD Form 53012A) and comply with OMB Circular A-87.

191. Personal expenses are an ineligible use of federal funds and are not necessary to the operation of the housing authority and its projects.

192. Wilson and Franklin knew or should have known that ACHA funds could not be used for personal expenses.

193. The following personal expenses constitute false claims, as further detailed in the below table:

Count No.	Date	Description	Charged	Check No.	Amount
65	1/10/2012	Las Brisas (Local Meal)	Chase x 7901	36201	\$120.14
66	1/18/2012	Las Brisas (Local Meal)	Chase x 7901	36201	\$66.65
67	5/4/2012	Mack's Barbecue (Local Meal)	Chase x 7901	36633	\$42.77
68	6/20/2012	Las Brisas (Local Meal)	Chase x 7901	36837	\$108.69
69	10/31/2012	China Garden Buffet (Local Meal)	Chase x 7901	37360	\$28.02
70	11/12/2012	Walmart (Gift Cards)	Chase x 7901	37360	\$1,352.12
71	11/12/2012	Denny's (Gift Cards)	Chase x 7901	37360	\$400.00
TOTAL					\$2,118.39

194. As the above-referenced claims were submitted for payment to the ACHA whose funding is provided in part by HUD, the claims are actionable under the PFCRA as false claims. See 31 U.S.C. §§ 3802(a), 3801(a)(3)(B).

195. Pursuant to the PFCRA, HUD is entitled to an assessment in the amount of \$7,511.18 for Wilson and Franklin's payments and authorization of the same for personal expenses using ACHA funds. HUD is also entitled to a civil penalty for each claim, due to the false claim made, submitted or caused to be submitted by Wilson and Franklin.

Counts 72-116 – Resident Council Claims
Against James Wilson and Martha Franklin, Jointly and Severally

196. The Department re-alleges and incorporates by reference paragraphs 1-156.

197. In their respective roles as Executive Director and Finance Director, Wilson and Franklin reviewed and approved the payment of ACHA expenses and reviewed and approved the payment of those expenses with ACHA funds.

198. Wilson and Franklin approved the payment of a monthly stipend to the Elmwood Resident Council.

199. Wilson and Franklin approved the payment of a monthly stipend to the McBride Resident Council.

200. The ACHA, under Wilson and Franklin, did not satisfy the necessary conditions for the payment of stipends to resident councils.

201. Wilson and Franklin approved the payment of a monthly stipend to Irene McBride, purportedly in her capacity as Elmwood Resident Council president.

202. The Elmwood Resident Council was not operating in accordance with HUD's regulations and PIH Notices.

203. The payments to Irene McBride were ineligible as they were not paid as part of an eligibly operating resident council.

204. Wilson and Franklin knew or should have known that the resident council and the Irene McBride stipend were not eligible uses of ACHA funds.

205. The following resident council stipends constitute false claims, as further detailed in the below table:

Count No.	Date	Description	Check	Amount
72	12/30/2011	Irene McBride President's Stipend	36086	\$200.00
73	12/30/2011	Elmwood Resident's Council Monthly Activities	36087	\$655.00
74	1/3/2012	McBride Resident's Council Monthly Activities	36096	\$455.00
75	2/1/2012	Irene McBride President's Stipend	36197	\$200.00

76	2/1/2012	Elmwood Resident's Council Monthly Activities	36198	\$655.00
77	2/1/2012	McBride Resident's Council Monthly Activities	36199	\$455.00
78	3/1/2012	Irene McBride President's Stipend	36304	\$200.00
79	3/1/2012	Elmwood Resident's Council Monthly Activities	36305	\$655.00
80	3/1/2012	McBride Resident's Council Monthly Activities	36306	\$455.00
81	3/30/2012	Irene McBride President's Stipend	36383	\$200.00
82	3/30/2012	Elmwood Resident's Council Monthly Activities	36384	\$655.00
83	4/2/2012	McBride Resident's Council Monthly Activities	36396	\$455.00
84	5/1/2012	Irene McBride President's Stipend	36503	\$200.00
85	5/1/2012	Elmwood Resident's Council Monthly Activities	36504	\$655.00
86	5/1/2012	McBride Resident's Council Monthly Activities	36505	\$455.00
87	6/1/2012	Irene McBride President's Stipend	36608	\$200.00
88	6/1/2012	Elmwood Resident's Council Monthly Activities	36609	\$655.00
89	6/1/2012	McBride Resident's Council Monthly Activities	36610	\$455.00
90	6/26/2012	Irene McBride President's Stipend	36706	\$200.00
91	6/26/2012	Elmwood Resident's Council Monthly Activities	36707	\$655.00
92	7/2/2012	McBride Resident's Council Monthly Activities	36721	\$455.00
93	8/1/2012	Irene McBride President's Stipend	36839	\$200.00
94	8/1/2012	Elmwood Resident's Council Monthly Activities	36840	\$655.00
95	8/1/2012	McBride Resident's Council Monthly Activities	36841	\$455.00
96	8/29/2012	Irene McBride President's Stipend	36955	\$200.00
97	8/29/2012	Elmwood Resident's Council Monthly Activities	36956	\$655.00
98	9/4/2012	McBride Resident's Council Monthly Activities	36963	\$455.00
99	10/1/2012	Irene McBride President's Stipend	37082	\$200.00
100	10/1/2012	Elmwood Resident's Council Monthly Activities	37083	\$655.00
101	10/1/2012	McBride Resident's Council Monthly Activities	37084	\$455.00
102	11/1/2012	Irene McBride President's Stipend	37225	\$200.00
103	11/1/2012	Elmwood Resident's Council Monthly Activities	37226	\$655.00
104	11/1/2012	McBride Resident's Council Monthly Activities	37227	\$455.00
105	11/30/2012	Irene McBride President's Stipend	37342	\$200.00
106	11/30/2012	Elmwood Resident's Council Monthly Activities	37343	\$655.00

107	12/3/2012	McBride Resident's Council Monthly Activities	37363	\$455.00
108	12/27/2012	Irene McBride President's Stipend	37456	\$200.00
109	12/27/2012	Elmwood Resident's Council Monthly Activities	37457	\$655.00
110	1/2/2013	McBride Resident's Council Monthly Activities	37460	\$455.00
111	2/1/2013	Irene McBride President's Stipend	37557	\$200.00
112	2/1/2013	Elmwood Resident's Council Monthly Activities	37558	\$655.00
113	2/1/2013	McBride Resident's Council Monthly Activities	37559	\$455.00
114	3/1/2013	Irene McBride President's Stipend	37634	\$200.00
115	3/1/2013	Elmwood Resident's Council Monthly Activities	37635	\$655.00
116	3/1/2013	McBride Resident's Council Monthly Activities	37636	\$455.00
TOTAL				\$19,650.00

206. As the above-referenced claims were submitted for payment to the ACHA whose funding is provided in part by HUD, the claims are actionable under the PFCRA as false claims. *See* 31 U.S.C. §§ 3802(a), 3801(a)(3)(B).

207. Pursuant to the PFCRA, HUD is entitled to an assessment in the amount of \$44,540 for Wilson and Franklin's payments and authorization of the same for resident council stipends using ACHA funds. HUD is also entitled to a civil penalty for each claim, due to the false claim made, submitted or caused to be submitted by Wilson and Franklin.

Counts 117-187 – Resident Council Claims
Against Martha Franklin

208. The Department re-alleges and incorporates by reference paragraphs 1-156.

209. As Executive Director, Franklin reviewed and approved the payment of ACHA expenses, and reviewed and approved payment of those expenses with ACHA funds.

210. Franklin approved payment of a monthly stipend to the Elmwood Resident Council.

211. Franklin approved payment of a monthly stipend to the McBride Resident Council.

212. The ACHA, under Franklin, did not satisfy the necessary conditions for the payment of stipends to resident councils.

213. Franklin approved the payment of a monthly stipend to Irene McBride, purportedly in her capacity as Elmwood Resident Council president.

214. The Elmwood Resident Council was not operating in accordance with HUD's regulations and PIH Notices.

215. The payments to Irene McBride were ineligible as they were not paid as part of an eligibly operating resident council.

216. Franklin knew or should have known that the resident council and the Irene McBride stipend were not eligible uses of ACHA funds.

217. The following resident council stipends constitute false claims, as further detailed in the below table:

Count				
No.	Date	Description	Check	Amount
117	4/1/2013	Irene McBride President's Stipend	37738	\$200.00
118	4/1/2013	Elmwood Resident's Council Monthly Activities	37739	\$655.00
119	4/1/2013	McBride Resident's Council Monthly Activities	37740	\$455.00
120	5/1/2013	Irene McBride President's Stipend	37810	\$200.00
121	5/1/2013	Elmwood Resident's Council Monthly Activities	37811	\$655.00
122	5/1/2013	McBride Resident's Council Monthly Activities	37818	\$455.00
123	5/31/2013	Irene McBride President's Stipend	37894	\$200.00
124	5/31/2013	Elmwood Resident's Council Monthly Activities	37895	\$655.00
125	6/3/2013	McBride Resident's Council Monthly Activities	37916	\$455.00
126	6/27/2013	Irene McBride President's Stipend	37972	\$200.00
127	6/27/2013	Elmwood Resident's Council Monthly Activities	37973	\$655.00
128	7/1/2013	McBride Resident's Council Monthly Activities	37981	\$455.00
129	8/1/2013	Irene McBride President's Stipend	38046	\$200.00
130	8/1/2013	Elmwood Resident's Council Monthly Activities	38047	\$655.00
131	8/1/2013	McBride Resident's Council Monthly Activities	38050	\$455.00
132	8/19/2013	Irene McBride President's Stipend	38094	\$200.00
133	8/19/2013	Elmwood Resident's Council Monthly Activities	38095	\$655.00
134	9/3/2013	McBride Resident's Council Monthly Activities	38112	\$455.00
135	10/1/2013	Irene McBride President's Stipend	38182	\$200.00
136	10/1/2013	Elmwood Resident's Council Monthly Activities	38183	\$655.00
137	10/1/2013	McBride Resident's Council Monthly Activities	38814	\$455.00

138	11/1/2013	Irene McBride President's Stipend	38257	\$200.00
139	11/1/2013	Elmwood Resident's Council Monthly Activities	38258	\$655.00
140	11/4/2013	McBride Resident's Council Monthly Activities	38266	\$455.00
141	12/2/2013	Irene McBride President's Stipend	38320	\$200.00
142	12/2/2013	Elmwood Resident's Council Monthly Activities	38321	\$655.00
143	12/2/2013	McBride Resident's Council Monthly Activities	38322	\$455.00
144	1/2/2014	Irene McBride President's Stipend	38407	\$200.00
145	1/2/2014	Elmwood Resident's Council Monthly Activities	38408	\$655.00
146	1/2/2014	McBride Resident's Council Monthly Activities	38409	\$455.00
147	2/3/2014	Irene McBride President's Stipend	38480	\$200.00
148	2/3/2014	Elmwood Resident's Council Monthly Activities	38481	\$655.00
149	2/3/2014	McBride Resident's Council Monthly Activities	38482	\$455.00
150	2/27/2014	Irene McBride President's Stipend	38568	\$200.00
151	2/27/2014	Elmwood Resident's Council Monthly Activities	38569	\$655.00
152	3/3/2014	McBride Resident's Council Monthly Activities	38580	\$455.00
153	3/26/2014	Irene McBride President's Stipend	38642	\$200.00
154	3/26/2014	Elmwood Resident's Council Monthly Activities	38643	\$655.00
155	4/1/2014	McBride Resident's Council Monthly Activities	38649	\$455.00
156	5/1/2014	Irene McBride President's Stipend	38737	\$200.00
157	5/1/2014	Elmwood Resident's Council Monthly Activities	38738	\$655.00
158	5/1/2014	McBride Resident's Council Monthly Activities	38744	\$455.00
159	5/30/2014	Irene McBride President's Stipend	38827	\$200.00
160	5/30/2014	Elmwood Resident's Council Monthly Activities	38828	\$655.00
161	6/2/2014	McBride Resident's Council Monthly Activities	38848	\$455.00
162	7/1/2014	Irene McBride President's Stipend	38933	\$200.00
163	7/1/2014	Elmwood Resident's Council Monthly Activities	38934	\$655.00
164	7/1/2014	McBride Resident's Council Monthly Activities	38936	\$455.00
165	8/1/2014	Irene McBride President's Stipend	39027	\$200.00
166	8/1/2014	Elmwood Resident's Council Monthly Activities	39028	\$655.00
167	8/1/2014	McBride Resident's Council Monthly Activities	39030	\$455.00
168	8/29/2014	Irene McBride President's Stipend	39105	\$200.00
169	8/29/2014	Elmwood Resident's Council Monthly Activities	39106	\$655.00
170	9/1/2014	McBride Resident's Council Monthly Activities	39113	\$455.00
171	10/1/2014	Irene McBride President's Stipend	39183	\$200.00
172	10/1/2014	Elmwood Resident's Council Monthly Activities	39187	\$225.00
173	10/1/2014	McBride Resident's Council Monthly Activities	39188	\$275.00
174	10/30/2014	Irene McBride President's Stipend	39264	\$200.00
175	11/6/2014	Elmwood Resident's Council Monthly Activities	39314	\$225.00
176	11/6/2014	McBride Resident's Council Monthly Activities	39316	\$275.00

177	12/1/2014	Irene McBride President's Stipend	39349	\$200.00
178	12/2/2014	Elmwood Resident's Council Monthly Activities	39360	\$225.00
179	12/2/2014	McBride Resident's Council Monthly Activities	39370	\$275.00
180	12/29/2014	Irene McBride President's Stipend	39431	\$200.00
181	1/2/2015	Elmwood Resident's Council Monthly Activities	39445	\$225.00
182	2/2/2015	Irene McBride President's Stipend	39508	\$200.00
183	2/2/2015	Elmwood Resident's Council Monthly Activities	39509	\$225.00
184	3/2/2015	Irene McBride President's Stipend	39562	\$200.00
185	3/2/2015	Elmwood Resident's Council Monthly Activities	39563	\$225.00
186	4/2/2015	Irene McBride President's Stipend	39625	\$200.00
187	4/8/2015	Elmwood Resident's Council Monthly Activities	39665	\$225.00
TOTAL				\$27,380.00

218. As the above-referenced claims were submitted for payment to the ACHA whose funding is provided in part by HUD, the claims are actionable under the PFCRA as false claims. *See* 31 U.S.C. §§ 3802(a), 3801(a)(3)(B).

219. Pursuant to the PFCRA, HUD is entitled to an assessment in the amount of \$54,760 for Franklin's payments and authorization of the same for resident council stipends using ACHA funds. HUD is also entitled to a civil penalty for each claim, due to the false claim made, submitted or caused to be submitted by Franklin.

Counts 188-198 – Conflict of Interest Claims
Against James Wilson and Martha Franklin, Jointly and Severally

220. The Department re-alleges and incorporates by reference paragraphs 1-156.

221. Wilson, while serving as Executive Director, entered into a contract with the ACHA.

222. Wilson's contract with the ACHA was explicitly prohibited by the ACC between HUD and the AHCA.

223. Payments under the prohibited contract were an ineligible use of ACHA funds.

224. Wilson made or caused to be made requests for payment under this contract after he retired from his position as Executive Director, but within one year of his retirement.

225. Franklin, as the then current Executive Director, reviewed and approved these payments from ACHA funds.

226. Wilson and Franklin knew or should have known that these payments were ineligible uses of ACHA funds due to the conflict of interest and the ACC's prohibition of conflict of interest contracts.

227. Wilson and the ACHA entered into a second contract within one year of his retirement as Executive Director, providing for Wilson to be paid the sums that remained unpaid after HUD voided the first contract between Wilson and the ACHA.

228. This contract was also prohibited by the ACC's conflict of interest provision as Wilson was within the one year post employment period.

229. Wilson made or caused to be made requests for payment under this contract.

230. Franklin, as then current Executive Director, reviewed and approved these payments from ACHA funds.

231. Wilson and Franklin knew or should have known that payments under this contract were ineligible uses of ACHA funds.

232. The following conflict of interest contract payments constitute false claims, as further detailed in the below table:

Count No.	Date	Description	Check	Amount
188	4/11/2013	James Wilson Payroll	37774	\$1,400.00
189	5/9/2013	James Wilson Payroll	37849	\$1,400.00
190	6/6/2013	James Wilson Payroll	37902	\$1,400.00
191	7/3/2013	James Wilson Payroll	37993	\$1,400.00
192	8/1/2013	James Wilson Payroll	38040	\$1,400.00

193	9/3/2013	James Wilson Payroll	38108	\$1,400.00
194	10/1/2013	James Wilson Payroll	38206	\$1,400.00
195	10/28/2013	James Wilson Payroll	38254	\$2,800.00
196	1/2/2014	James Wilson Payroll	38415	\$15,000.00
197	4/1/2014	James Wilson - Balance Owed on Voided Contract	38645	\$480.00
198	5/16/2014	James Wilson Payroll	38796	\$2,400.00
TOTAL				\$30,480.00

233. As the above-referenced claims were submitted for payment to the ACHA whose funding is provided in part by HUD, the claims are actionable under the PFCRA as false claims. *See* 31 U.S.C. §§ 3802(a), 3801(a)(3)(B).

234. Pursuant to the PFCRA, HUD is entitled to an assessment in the amount of \$60,960 for Wilson and Franklin's payments and authorization of the same for resident council stipends using ACHA funds. HUD is also entitled to a civil penalty for each claim, due to the false claim made, submitted or caused to be submitted by Wilson and Franklin.

**Count 199 – Civil Rights Certification False Statement
Against James Wilson**

235. The Department re-alleges and incorporates by reference paragraphs 1-156.

236. The ACHA was not in compliance with its obligations under Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, or the Fair Housing Act.

237. Wilson as Executive Director was responsible for the ACHA's compliance with its obligations under the civil rights laws.

238. Wilson as Executive Director was responsible for the completion and filing of PHA plans, which included the Civil Rights Certification, HUD Form 50077-CR.

239. Wilson knew or should have known that the ACHA was not in compliance with its obligations under the civil rights laws.

240. Wilson knew or should have known that the ACHA was not taking steps to come into compliance with its obligations under the civil rights laws.

241. Wilson caused the board chairperson to execute the HUD Form 50077-CR which stated “The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973....”

242. The HUD Form 50077-CR further stated “I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.”

243. HUD requires a PHA execute the 50077-CR in order to receive money as an Operating Subsidy.

244. Wilson caused the submission of a false statement to HUD in connection with the ACHA’s receipt of an Operating subsidy, which Irene McBride as Board Chairperson certified was true on February 24, 2012.

245. As the above-referenced statement was submitted to HUD for the ACHA to receive Operating Subsidy funds, the statement is actionable under the PFCRA as a false statement. *See* 31 U.S.C. §§ 3802(a)(2), 3801(a)(9)(B)(ii).

246. Pursuant to the PFCRA, HUD is entitled to a civil penalty of \$7,500, due to the false statement made, submitted or caused to be made or submitted by Wilson.

Count 200 – Regulatory Compliance Certification False Statement
Against James Wilson

247. The Department re-alleges and incorporates by reference paragraphs 1-156.

248. The ACHA was not in compliance with its obligations under Lead Safe Housing Rule and the Lead Disclosure Rule.

249. Wilson as Executive Director was responsible for the ACHA's compliance with the LSHR and LDR.

250. Wilson as Executive Director was responsible for the completion and filing of PHA plans, which included the Certification of Compliance, HUD Form 50077.

251. Wilson knew or should have known that the ACHA was not in compliance with its obligations under the LSHR and LDR.

252. Wilson knew or should have known that the ACHA was not taking steps to come into compliance with its obligations under the LSHR and LDR.

253. Wilson caused the board chairperson to execute the HUD Form 50077 which stated "[t]he PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35."

254. The HUD Form 50077 further stated "I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate."

255. HUD requires a PHA execute the 50077 in order to receive money as an Operating Subsidy.

256. Wilson caused the submission of a false statement to HUD in connection with the ACHA's receipt of an Operating Subsidy, which Irene McBride as Board Chairperson certified was true on February 24, 2012.

257. As the above-referenced statement was submitted to HUD for the ACHA to receive Operating Subsidy funds, the statement is actionable under the PFCRA as a false statement. *See* 31 U.S.C. §§ 3802(a)(2), 3801(a)(9)(B)(ii).

258. Pursuant to the PFCRA, HUD is entitled to a civil penalty of \$7,500, due to the false statement made, submitted or caused to be made or submitted by Wilson.

VII. PRAYER

WHEREFORE, the Department respectfully requests a determination finding Wilson and Franklin jointly and severally liable in the amount of \$908,007.38, consisting of \$188,007.38 in assessments (\$94,003.69 x 2), and 125 civil penalties of \$5,760 each, totaling \$720,000, for the false claims identified in Counts 1-62, 65-116, and 188-198, as authorized by the PFCRA, 31 U.S.C. § 3802(a)(1), and 24 C.F.R. § 28.10(a).

WHEREFORE, the Department respectfully requests a determination finding Franklin liable in the amount of \$293,463.70, consisting of \$58,695.70 in assessments (\$29,347.85 x 2), and 73 civil penalties of \$3,216 each, totaling \$234,768, for the false claims identified in Counts 63-64 and 117-187, as authorized by the PFCRA, 31 U.S.C. § 3802(a)(1), and 24 C.F.R. § 28.10(a).

WHEREFORE, the Department respectfully requests a determination finding Wilson liable for two civil penalties of \$7,500 each, totaling \$15,000, for the false statements identified in Counts 199 and 200, as authorized by the PFCRA, 31 U.S.C. § 3802(a)(1), and 24 C.F.R. § 28.10(a).

VIII. NOTICE OF PROCEDURE

1) Filing a Response and Requesting a Hearing:

You have now been served with a PFCRA Complaint by HUD. You may request a hearing by submitting a written response ("Response") to this Complaint within 30 days of being served with the Complaint. The Response must include: (a) the admission or denial of each allegation of liability made in this Complaint; (b) any defense on which you intend to rely; (c) any reasons why the civil penalties and assessments should be less than the amount set forth in this Complaint; and (d) the name, address, and telephone number of the person who will act as your representative, if any. See 24 C.F.R. § 28.30(a). Any Response you wish to provide must be sent to the HUD Office of Hearings and Appeals at the following address:

For First Class Mail:
451 7th Street, SW
Room B-133
Washington, DC 20410

For Express Mail:
409 Third Street, SW
Suite 201
Washington, DC 20024

You must also provide a copy of any Response to:

Sean M. Brown, Esq.
Jennifer M. Grim, Esq.
Office of General Counsel
United States Department of
Housing and Urban Development
Portals Building, Suite 200
1250 Maryland Avenue, SW
Washington, DC 20024

2) Effect of Failure to Submit a Response:

Failure to submit a Response within 30 days of receipt of this Complaint may result in the imposition of the maximum amount of civil penalties and assessments sought by HUD without right of appeal. If you do not submit a Response, HUD may file a motion for default judgment, in accordance with 24 C.F.R. § 26.41. *See* 24 C.F.R. § 28.30(b). A default shall constitute an admission of all facts alleged in this Complaint and a waiver of your right to a hearing on such allegations. *See* 24 C.F.R. § 26.41(c). The civil penalties and assessments proposed in this Complaint shall be set forth in the default order and shall be immediately due and payable by you without further proceedings. *Id.*

3) Obligation to Preserve Documents:

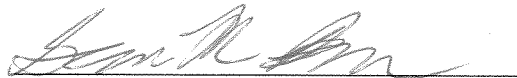
Upon receipt of this Complaint, you are required to preserve and maintain all documents and data, including electronically stored data, within your possession and control that may relate to the allegations in the Complaint. *See* 24 C.F.R. § 28.25(d). HUD will also preserve such documents or data upon the issuance of the Complaint. *Id.*

4) Laws and Regulations Provided with this Complaint:

Copies of 24 C.F.R. Part 26, Subpart B, 24 C.F.R. Part 28, and the PFCRA, 31 U.S.C. §§ 3801-3812, are included with this Complaint.

Dated: November 24, 2017

Respectfully submitted,



SEAN M. BROWN, Esq.
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U. S. Department of Housing and
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CERTIFICATE OF SERVICE

I certify that on this 24th day of November, 2017, the foregoing **GOVERNMENT'S COMPLAINT** was served on the following parties in the manner indicated. Copies of 4 C.F.R. Part 26, Subpart B; 24 C.F.R. Part 28; and the PFCRA, 31 U.S.C. §§ 3801-3812, were included with the Complaint served on Respondents. Per the instructions of the Office of Hearings and Appeals, copies of those regulations and statutes are not included with the copy of the Complaint filed with the court.

VIA ELECTRONIC MAIL and INTEROFFICE MAIL

Office of Hearings and Appeals
409 3rd Street, SW, Suite 201
Washington, DC 20024
Email: alj.alj@hud.gov

UPS NEXT DAY AIR EARLY

James Wilson

(b) (6)

Martha Franklin

(b) (6)

VIA ELECTRONIC MAIL

Nilda M. Gallegos, Enforcement Technician
HUD Office of General Counsel
1250 Maryland Avenue, SW, Suite 200
Washington, DC 20024
Email: nilda.m.gallegos@hud.gov



Nilda M. Gallegos
Enforcement Technician