



U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT  
OFFICE OF INSPECTOR GENERAL

**MEMORANDUM NO.**  
2012-CF-1812

September 24, 2012

MEMORANDUM FOR: Dane M. Narode, Associate General Counsel for Program Enforcement, CACC

*//signed//*

FROM: Kim Randall, Director, Civil Fraud Division, GA

SUBJECT: Final Civil Action: Default Judgment Issued Against Section 8 Landlord for Fraudulently Claiming Housing Assistance Payments

### **INTRODUCTION**

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), conducted a review of Section 8 housing assistance payments made to Lynn Leggins, a landlord, for a tenant with whom he lived. The objective of our review was to determine whether Mr. Leggins received housing assistance payments that he was not eligible to receive.

### **METHODOLOGY AND SCOPE**

We reviewed the records of the Housing Authority of the City of Orlando, which included the landlord authorization agreement for automatic deposit credits, rental leases, marriage and death certificates, and Section 8 housing assistance payments made to Mr. Leggins from January 2002 through January 2010 by the Authority. We also reviewed the documentation contained in the Federal Housing Administration (FHA) case binder for the FHA loan on the property for which these Section 8 funds were paid as rental assistance.

### **BACKGROUND**

HUD's Section 8 Housing Choice Voucher program provides rental subsidies through tenant-based vouchers for housing units chosen by the tenant in the private market. These vouchers are administered locally by public housing agencies. To participate in the program, property owners enter into housing assistance payments contracts with housing authorities. The housing assistance payments contract states that unless the owner has complied with all provisions of the contract, the owner does not have a right to receive payments under the contract. In addition, the

property owner certifies to HUD that the assisted family does not own or have an interest in the contract unit. The composition of the household must be approved by the housing agency, other persons may not be added to the household without prior written approval of the owner and the housing agency, and the contract unit may be used only by the approved household members.

Lynn Leggins was a landlord who participated in HUD's Section 8 Housing Choice Voucher program. He received housing assistance payments for tenant Sherry Brown for at least the period January 2002 through January 2010. The Authority discovered potential fraud when Mr. Leggins brought the death certificate for Sherry Brown to the Authority to discontinue the housing assistance payments and the name on the death certificate was Sherry Leggins and not Sherry Brown. The Authority asked OIG to conduct an investigation and take appropriate action.

### **RESULTS OF REVIEW**

Lynn Leggins fraudulently received \$76,071 in Section 8 housing assistance payments for a tenant with whom he lived from about 1998 until 2010 and married in June 2002, Sherry (Brown) Leggins. Mr. Leggins received this housing assistance for at least the period January 2002 through January 2010. We referred our findings to HUD for action.

On April 12, 2012, HUD filed a complaint against Lynn Leggins, seeking civil penalties and assessments totaling \$137,936, pursuant to the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. (United States Code) Sections 3801-3812, as implemented by 24 CFR (Code of Federal Regulations) Part 28. The complaint alleged that Mr. Leggins made or caused to be made 42 claims to HUD's Section 8 tenant-based Housing Choice Voucher program administered by the Authority that Mr. Leggins knew or had reason to know were false or fraudulent. The complaint further asserted that Mr. Leggins knew or had reason to know that such claims were false or fraudulent because he was in violation of the housing assistance payments contract and, therefore, was ineligible for Section 8 housing assistance payments due to his continued residence in the contract unit with the assisted tenant. HUD further contended that Mr. Leggins knew or had reason to know that the claims made were supported by his written statements asserting material facts that were false or fraudulent. Mr. Leggins failed to defend the action.

On July 10, 2012, a HUD administrative law judge issued a default judgment and order awarding HUD the full amount sought in the complaint.

### **RECOMMENDATION**

We recommend that HUD's Office of General Counsel, Office of Program Enforcement,

- 1A. Agree to allow HUD OIG to post the default judgment of \$137,936 to HUD's Audit Resolution and Corrective Actions Tracking System as funds to be put to better use.