


UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

U.S. DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA
FILED 3-16-16
WILLIAM W. BLEVINS
CLERK 

UNITED STATES OF AMERICA * CRIMINAL NO. 16-034
v. * SECTION: "I"
FREDDIE ROSS, JR. *

* * *

FACTUAL BASIS

The defendant, **FREDDIE ROSS, JR.** (hereinafter, the "defendant" or "**ROSS**"), has agreed to plead guilty as charged to the Bill of Information now pending against him, charging him with theft of government funds, in violation of Title 18, United States Code, Section 641. Both the Government and the defendant, **FREDDIE ROSS, JR.**, do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crimes to which the defendant is pleading guilty. The Government and the defendant further stipulate that the Government would have proven, through the introduction of competent testimony and admissible, tangible exhibits, the following facts, beyond a reasonable doubt, to support the allegations in the Bill of Information now pending against the defendant:

Housing Choice Voucher Program (Section 8) Benefits

The Government would show, through the testimony of special agents with the Department of Housing and Urban Development – Office of the Inspector General ("HUD-OIG"), that the Department of Housing and Urban Development ("HUD") is, and was, at the time of the offense, an agency or department of the United States.

The Government would further establish, through the testimony of special agents with HUD-OIG that HUD provided federal funds to local public housing authorities to assist low-income citizens with private market rental payments, including utility payments, through a

tenant-based voucher program known as the Housing Choice Voucher Program, or “Section 8” Program. The Government would further establish that the Section 8 program was created to subsidize the rents of the very poor, the elderly, and the disabled by allowing families to choose privately owned rental housing and subsidizing the majority of the fair market rent. Program participants paid part of their rents—an amount equal to thirty percent of the household's income—and the federal government directly pays the landlords the remainder.

The Government would further establish that eligibility for Section 8 benefits and the amount of the voucher subsidy were determined by, among other things, the household income of the applicant and the number of people in the household. Only people making less than half the median income for the area where they live could qualify. In the greater New Orleans area from 2010 through 2014, the household income threshold for receiving Section 8 benefits was not more than \$21,700 per year.

The Government would further establish that in the New Orleans area, the Housing Authority of New Orleans (“HANO”) paid Section 8 benefits on behalf of eligible applicants. HANO was located at 4100 Touro Street, New Orleans, Louisiana 70122. Although HANO administered the Section 8 program in the New Orleans area, HUD funded the Section 8 Program and established income eligibility criteria, occupancy requirements, and other rules and regulations related to the administration of the Section 8 program.

At trial, representatives from HUD-OIG and HANO would testify, and documentary evidence would be offered to show, that residents of Orleans Parish seeking Section 8 benefits were required to complete and submit an application. Among other things, an applicant was required to attest, under penalty of perjury, the reason for seeking Section 8 benefits, family composition, household assets, and the type and source of all income and benefits received by all

members of the household. HANO relied on the representations contained in the application to render an eligibility determination. Applicants determined to be eligible for Section 8 benefits were required to notify HANO within ten days if their income changed. Additionally, eligible applicants were required to complete and submit to HANO yearly recertification forms, in which recipients certified in writing all changes in family income or household membership that occurred after their acceptance into the program. HANO relied upon the information provided in the recertification forms completed by recipients to determine recipients continued eligibility for assistance under Section 8.

Ross's Application and Recertification for Section 8 Benefits

The Government would introduce evidence that on about March 17, 2009, **ROSS** submitted an application to HANO to receive Section 8 assistance. In the revised application, **ROSS** listed his monthly income as between \$100 and \$1,000. **ROSS** disclosed no additional assets on his application. As a result of his representations, in about May 2009, HANO deemed **ROSS** eligible for rental assistance. During a mandatory briefing with HANO officials before he received any Section 8 funds, **ROSS** was advised that, among other things, he was required to report any increase in income to HANO within ten days. Beginning in about July 2009, HANO began issuing Section 8 payments to **ROSS'S** landlord in the amount of approximately \$521 per month for his rental of a residence located at 1716 Bayou Road, New Orleans. In about November 2010, **ROSS** submitted a Request for Tenancy Approval form that notified HANO of his desire to move to a new residence, 6045 Warrington Drive, New Orleans, Louisiana. HANO approved the request and began issuing Section 8 payments to **ROSS'S** landlord for his new residence in the amount of approximately \$695 per month in about January 2011.

The Government would admit documentary evidence from HUD-OIG and HANO to show that on an approximately yearly basis, including in about February 2011, April 2012, April 2013, and May 2014, **ROSS** attended an Annual Recertification meeting with HANO representatives during which he reviewed, completed, signed, dated, and submitted recertification documents to HANO under penalty of perjury. In his yearly recertification form, **ROSS** listed his annual income to be as follows: \$0 (2011), \$14,400 (2012), \$12,000, plus a one-time \$2,000 gift from his father (2013), and \$12,000 (2014). **ROSS** also listed his assets to be as follows: \$0 (2011), \$100 (2012), \$165 (2013), \$250 (2014).

The Government would further establish, through the introduction of HANO documents and the testimony of HANO representatives, that as a direct result of the representations **ROSS** made on his initial application for Section 8 benefits and subsequent recertification requests as described above, **ROSS** received the benefit of Section 8 funds in the following amounts:

Year	Annual Section 8 Benefits Paid
2009	\$2,773
2010	\$6,291
2011	\$8,340
2012	\$7,470
2013	\$6,612
2014	\$6,136

In total, as a result of the representations **ROSS** made to HANO, he received the benefit of Section 8 funds to rent the residences located at 1716 Bayou Road, New Orleans and 6045 Warrington Drive, New Orleans, totaling approximately \$37,622.00 between about July 2009 and November 2014.

Ross's False Statements Concerning Income and Assets

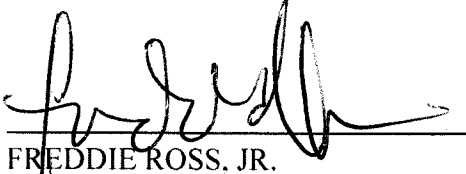
The Government would introduce documents and testimony from representatives of HANO, HUD-OIG, and City National Bank, Capital One Bank, N.A., and JPMorgan Chase Bank, N.A. to establish that **ROSS** knowingly understated his income and assets on recertification forms and through representations made to HANO in each of the years 2010 through 2014 for the purpose of obtaining Section 8 benefits. **ROSS** knew that if he had truthfully represented his income and assets, he would not have been eligible to receive any Section 8 benefits between 2010 and 2014.

For example, the Government would establish that **ROSS** was employed and derived income from his work as a musician, performing under the stage name "Big Freedia." Between July 2009 and December 2014, **ROSS** maintained bank accounts in his name and the name of his several corporate entities at various financial institutions, including City National Bank, JPMorgan Chase Bank, N.A., and Capital One Bank, N.A. From 2010 through 2014, **ROSS** had assets in his bank accounts in excess of the amounts listed on his Section 8 recertification documents on the days in which he submitted those documents. A representative of HANO would testify that **ROSS** should have, but did not, notify HANO of his increased income in 2010, which would have rendered him ineligible to receive Section 8 benefits in 2010. Further, **ROSS'S** statements about the amount of his assets constituted material misrepresentations upon which HANO representatives relied to determine his eligibility to receive Section 8 benefits.

Additionally, the Government would introduce documentary evidence in the form of bank records and federal income tax returns, as well as the testimony of Josephine Beninati, CPA, CFE, to establish that **ROSS** earned income well in excess of the amounts he listed on the Section 8 recertification forms **ROSS** submitted to HANO each year between 2010 and 2014. **ROSS** derived his income through his entertainment and music businesses, including payments for performing concerts, starring in television programs, royalties, and the sale of merchandise bearing his likeness. **ROSS'S** true income, had he reported it accurately, would have disqualified him from receiving Section 8 benefits in each year between 2010 and 2014.

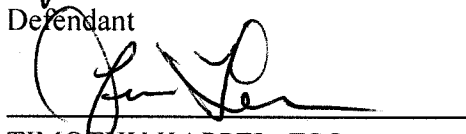
The Government would further introduce documents and testimony from representatives of HANO and special agents with HUD-OIG that as a direct result of the false representations **ROSS** made (namely, that he underreported his income and assets), **ROSS** received the benefit of Section 8 funds from January 2010 through November 2014 totaling approximately \$34,849.00, to which he would not have been entitled had he been truthful on the aforementioned documents.

The above facts come from an investigation conducted by, and would be proven at trial by credible testimony from, Special Agents from HUD-OIG, representatives of the Housing Authority of New Orleans, Josephine Beninati, CPA, CFE, business records from HANO, and documents and tangible exhibits in the custody of HUD-OIG.



FREDDIE ROSS, JR.

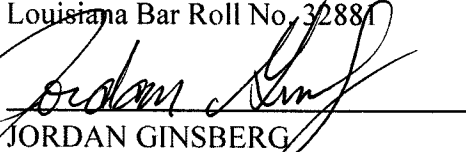
Defendant



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