

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**UNITED STATES OF AMERICA**

\*

**CRIMINAL NO. 14-241**

**v.**

\*

**SECTION: "S"**

**TRACIE MEDUS**

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**FACTUAL BASIS**

The defendant, **TRACIE MEDUS**, has agreed to plead guilty to the one-count bill of information charging her with theft of government funds in violation of Title 18, United States Code, Section 641. Both the government and the defendant do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crime to which the defendant is pleading guilty. The government and the defendant further stipulate that, should this case have gone to trial, the government would have proven, through the introduction of competent testimony and reliable documentary and other evidence, the following facts, beyond a reasonable doubt.

At all times relevant herein, the United States Department of Housing and Urban Development ("HUD") funded the Louisiana Road Home Program's Small Rental Property Program ("SRPP"). HUD created rules and regulations governing disbursement of funds and exercised supervision and control over the funds and their ultimate use.

To ensure that moderate and low income families displaced by Hurricane Katrina were given an opportunity to return to Louisiana, the SRPP provided monetary assistance to landlords to repair small-scale properties. In order to receive SRPP funds, a landlord had to agree to make her renovated rental units available to tenants in one of three income tiers, which were capped at 50%, 65%, and 80% of the area's median income. The lower the income tier a landlord elected to

rent to, the more funds she could receive. The permissible rents were set forth in a rent-award table, which accounted for units' sizes, the area's median income, and tenants' income tiers. The SRPP required that all tenants be approved for income eligibility by Road Home. Furthermore, to be eligible, a landlord needed to have an approved tenant residing in each unit prior to receiving an award. Landlords who fully complied with the program for a set period of years were permitted to keep their awards without making any repayment. However, if a landlord failed to comply with the program's requirements, Road Home was legally entitled to full repayment.

The defendant **TRACIE MEDUS** devised and executed a scheme to wrongfully obtain and retain an SRPP award by making false representations in connection with two units in an apartment building she owned at 606 Harrison Avenue in New Orleans. From in or about January 2007 through in or about October 2010, **MEDUS** submitted applications, agreements, leases, and other documents to Road Home in order to obtain and retain the award. **MEDUS** represented that she intended to charge table-authorized rents to tenants with incomes at or below 50% of the area's median income.

To become eligible for the award, **MEDUS** obtained approval for a low-income tenant for each unit and, in July 2009, submitted leases for both units to Road Home. The lease for the first unit was false in that it indicated that **MEDUS** charged the table-authorized rent when in fact she actually charged this unwitting tenant a higher, impermissible rent. The lease for the second unit was false in that it indicated that **MEDUS** charged an approved tenant the table-authorized rent, when in fact the purported tenant did not reside in the unit. **MEDUS** instead rented this unit to an unreported person and charged a higher, impermissible rent.

In reliance on **MEDUS'S** misrepresentations, Road Home approved her for an award. At her January 22, 2010 award closing **MEDUS** reaffirmed that the tenant of the first unit was

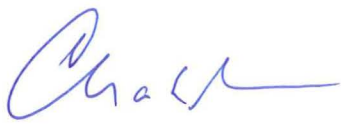
paying the approved rent amount. In truth, **MEDUS** had been continually overcharging him. **MEDUS** also reaffirmed that she was renting the second unit to the previously reported purported tenant and charging the table-authorized rent. In truth, she had been continually renting to the unreported person and charging more than the table-authorized rent. Based on these renewed misrepresentations, on or about January 22, 2010 Road Home issued **MEDUS** a \$158,700 award.

When she accepted the award, **MEDUS** acknowledged that she could be legally required to repay the award should she fail to abide by its conditions. Unbeknownst to Road Home, **MEDUS** immediately proceeded to violate the conditions by continuing to overcharge her tenants and by renting to the unreported tenant. In or about October 2010, **MEDUS** replaced the unreported tenant and submitted a lease to Road Home indicating that a new tenant would pay the table-authorized rent. However, this lease was false in that **MEDUS** actually charged the unwitting new tenant in excess of the table-authorized rent. **MEDUS** overcharged her tenants until they discovered the permissible rent amounts in or about March 2011.

By engaging in the above-described conduct, **MEDUS** embezzled, stole, and knowingly converted to her own use approximately \$158,700 belonging to the United States government, knowing the money was not hers, and with the intent to deprive the owner of its use.

**APPROVED AND ACCEPTED:**

\_\_\_\_\_  
TOWNSEND MYERS Date  
Attorney for Defendant

 1-22-15  
\_\_\_\_\_  
CHANDRA MENON Date  
Assistant United States Attorney

\_\_\_\_\_  
TRACIE MEDUS Date  
Defendant