

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA \* CRIMINAL NO: 10-246

v. \* SECTION: "J"

ELAINE L. MULLONE \*

\* \* \*

**FACTUAL BASIS**

Should this case were to proceed to trial, both the Government and the defendant, **ELAINE L. MULLONE**, 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 would 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:

Hurricane Katrina made landfall in Louisiana on August 29, 2005, and caused widespread damage to the Gulf Coast region of Louisiana. In response to the devastation, several federally funded programs were established to assist individuals who wanted to return to their homes to rebuild them, or who needed help with basic needs like rental assistance and money to compensate them for personal property loss and/or damage to their residences.

In response to the crisis Hurricane Katrina created in southeastern Louisiana, the United States Congress, with the approval of the President of the United States, passed legislation appropriating funds to the United States Department of Housing and Urban Development (“HUD”) for a Community Development Block Grant (“CDBG”). The CDBG was designed to assist Hurricane Katrina victims who were owners and occupants of property damaged or destroyed by Hurricane Katrina with rebuilding or selling their damaged residences. HUD is, and was and the time of the offense, an agency and department of the United States.

The grant money was disbursed under a program known as the Louisiana Road Home Program (“the Road Home Program”). HUD prepared the rules and regulations governing the disbursement of grant money to the State of Louisiana for use in the Road Home Program. The State of Louisiana, through the Office of Community Development, Division of Administration, contracted with ICF International, Inc., to administer grant awards to homeowners under the Louisiana Road Home Program.

The United States Small Business Administration (“SBA”) was an agency of the United States of America providing disaster assistance loans to Hurricane Katrina victims. The SBA was administered and funded by the United States of America.

Before an applicant receives any SBA loan funds, the applicant must participate in a loan closing, where the terms of the loan are determined. After the closing, the SBA typically disburses an initial payment to the loan recipient. For a loan recipient to receive subsequent payments, up to the amount of the loan for which the recipient was approved, the recipient must submit additional documentation to the SBA. In the case of real estate construction or repair, the additional documentation includes evidence, such as receipts to show the funds that have been spent for the repair or replacement of the disaster-damaged real estate, or estimates to show that the funds are

necessary to complete the construction or repair project.

After Hurricane Katrina, the Federal Emergency Management Agency (“FEMA”), an agency and department of the United States, immediately provided disaster assistance to individuals affected by the storm, including emergency assistance funding. These funds were appropriated to FEMA as a result of legislation passed by the United States Congress with the approval of the President of the United States. As part of its application process, FEMA required applicants to represent that their residence had been damaged by Hurricane Katrina and that they lived at the damaged property at the time of the storm.

FEMA provided several types of assistance, including the following: (1) temporary housing assistance, which provided funds to individuals who needed to rent an alternative place to live; (2) repair money for homeowners to fix damage from the disaster that was not covered by insurance; (3) replacement money which allowed homeowners to replace a home which was destroyed in the disaster and not covered by insurance; (4) money for necessary expenses and serious needs caused by the disaster such as medical, dental, personal property, transportation, moving and storage expenses; and (5) temporary housing in the form of a FEMA travel trailer placed on a property designated by the individual.

One of the major requirements for receiving grant money from the Road Home Program , the SBA, and FEMA was that the damaged property was the primary residence of the applicant on August 29, 2005.

From a time unknown but prior to and including August 2005, the defendant, **ELAINE L. MULLONE**, occupied and used as her primary residence, a home located at 2022 Winbern Street, Houston, Texas 77004. Prior to August 2005, the defendant, **ELAINE L. MULLONE**, also owned a single-family residence located at 1115 Pine Street, Madisonville, Louisiana 70447, in the Eastern

District of Louisiana, which she did not occupy as her primary residence.

On or about October 12, 2005, **ELAINE L. MULLONE** filed an application with FEMA by phone claiming that her primary residence was 1115 Pine Street, Madisonville, Louisiana, and that she was affected by the storm. As a result of her representations, **ELAINE L. MULLONE** received \$9,433.40 from FEMA for personal property loss, home repair, and rental assistance via an electronic transfer to her bank account on November 7, 2005.

Further, at **MULLONE's** request, FEMA placed a FEMA travel trailer on **ELAINE L. MULLONE's** property at 1115 Pine Street, Madisonville, Louisiana from March 2007 until May 2009, at a cost to FEMA totaling approximately \$17,243.17. As a result of her representations to FEMA, the defendant, **ELAINE L. MULLONE**, received approximately \$26,676.57 in federal benefits from FEMA.

On or about April 10, 2006, the defendant, **ELAINE L. MULLONE** signed her completed application for a loan from the SBA, declaring on the application that on August 29, 2005, her primary residence was 1115 Pine Street, Madisonville, Louisiana 70447. Defendant **ELAINE L. MULLONE** submitted the application to the SBA, which received it on or about April 10, 2006.

On or about August 1, 2006, Defendant **ELAINE L. MULLONE**, attended and completed her closing to obtain the SBA loan. As part of the closing, Defendant **ELAINE L. MULLONE**, submitted a completed, signed Loan Authorization and Agreement attesting that all representations in her Loan application were true, correct, and complete and were offered to induce the SBA to make the loan.

On or about August 31, 2006, the SBA electronically transferred a disbursement in the amount of \$6308.30 into the defendant's checking account. On or about August 25, 2008, in the

Eastern District of Louisiana, the defendant, **ELAINE L. MULLONE**, submitted to the SBA via facsimile fraudulent receipts to show the work being done to her house upon which the SBA relied to disburse additional funds into her checking account.

As a result of her representations, between on or about April 10, 2006, and on or about September 29, 2008, Defendant **ELAINE L. MULLONE**, received \$219,000 in federal funds from the SBA.

On or about March 16, 2007, Defendant **ELAINE L. MULLONE**, submitted a completed application for the Road Home Program funds, declaring in the application that on August 29, 2005, her primary residence was 1115 Pine Street, Madisonville, Louisiana 70447.

On or about August 28, 2007, **ELAINE L. MULLONE**, appearing in person within the Eastern District of Louisiana, attended and completed a closing to obtain the Road Home Program grant funds. As part of the closing, **ELAINE L. MULLONE**, submitted a completed and signed Road Home Grant Recipient Affidavit stating that her primary residence on the date Hurricane Katrina struck Louisiana was 1115 Pine Street, Madisonville, Louisiana 70047.

As a result of her representations, on or about December 29, 2009, **ELAINE L. MULLONE**, received federal funds from the HUD Community Development Block Grant disbursed under the Road Home Program in the form of a \$9,599.59 grant.

As a result of her representations, from on or about March 16, 2007, through on or about December 29, 2009, **ELAINE L. MULLONE**, received a benefit of \$150,000 in federal funds from the Department of Housing and Urban Development Block Grant disbursed under the Road Home Program. Specifically, the Department of Housing and Urban Development Community Development Block Grant disbursed approximately \$122,270.14 directly to **ELAINE L.**

**MULLONE**'s bank account and \$27,654.86 to the SBA to pay down a portion of her pre-existing loan.

By engaging in the behavior outlined above, the defendant, **ELAINE L. MULLONE** did knowingly embezzle, steal, purloin, and convert to her own use FEMA, SBA, and the Road Home Program benefits to which she knew she was not entitled.

The Government would prove that the amount of restitution for the purposes of these offenses is approximately \$364,330.01.

The above facts would have proven beyond a reasonable doubt by credible testimony of agents from the Department of Housing and Urban Development - Office of the Inspector General ("HUD-OIG"), the Small Business Administration - Office of the Inspector General ("SBA-OIG"), the Department of Homeland Security - Office of the Inspector General ("DHS-OIG"), and the Federal Bureau of Investigation, other HUD, SBA, and FEMA employees, documents and records of SBA, HUD, and FEMA, copies of deposit statements, as well as the statements of the defendant, **ELAINE L. MULLONE**, to agents from HUD-OIG, SBA-OIG, and DHS-OIG.

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ELAINE L. MULLONE  
Defendant

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Date

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ROBERT S. TOALE (1152)  
Attorney for Defendant

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Date

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LOAN "MIMI" NGUYEN (23612)  
Assistant United States Attorney

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Date