

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

UNITED STATES OF AMERICA

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CRIMINAL NO. 10-253

v.

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SECTION: "N"

KAREN JONES

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* * *

FACTUAL BASIS

The defendant, **KAREN JONES** (hereinafter, the "defendant" or "Jones"), has agreed to plead guilty to Counts 1 and 13 of the indictment currently pending against her, charging her with mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, respectively. Should this matter proceed to trial, both the Government and the defendant, **KAREN JONES**, 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

Hurricanes Katrina and Rita made landfall along the Gulf Coast in August 2005 and September 2005, respectively, causing widespread damage to the Gulf Coast region of Louisiana, including the New Orleans, Louisiana area.

After Hurricane Katrina devastated the City of New Orleans, the Federal Emergency Management Agency (“FEMA”), an agency or department of the United States, 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 Congress of the United States of America with the approval of the President of the United States.

FEMA provided several types of assistance, including the Disaster Housing Assistance Program (“DHAP”), which provided long-term rental assistance to qualifying Gulf Coast residents displaced by Hurricanes Katrina and Rita. Effective September 1, 2007, the United States Department of Housing and Urban Development (“HUD”), a cabinet-level department of the United States, took over the administration of DHAP.

Corporate Lodging Consultants (“CLC”) operated as a subcontractor for the DHAP program, sending rental subsidy checks, using funds provided by the federal government, to landlords on behalf of tenants who were approved by FEMA, and, subsequently, HUD, to participate in the program.

HUD also offered housing assistance through a program known as the Housing Choice Voucher Program, or “Section 8 Program.” The Section 8 Program increased affordable housing choices for very low-income households by allowing families to choose privately owned rental housing and subsidizing the majority of the fair market rent. In the New Orleans area, HUD subcontracted with the Housing Authority of New Orleans (“HANO”) to provide 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.

HUD and HANO representatives would testify that one of the requirements for receiving Section 8 assistance is that the applicant must reside in the unit for which HUD is providing rent assistance during the term of the lease. Additionally, a recipient of Section 8 assistance was not allowed to receive any additional federal housing subsidy for the same unit or a different unit while receiving Section 8 housing assistance.

A HANO representative would further testify that HANO distributed Section 8 benefits to the landlords of Section 8 benefit recipients in one of several ways. In some instances, HANO would send checks to the landlords via United States mail. At other times, HANO would distribute Section 8 benefits directly into the bank accounts of landlords on behalf of the benefit recipients electronically, using the Automate Clearing House (“ACH”) system. ACH is an automated electronic network for financial transactions used to transfer funds between United States bank accounts. The ACH system allows for fast and efficient electronic funds transfers to and from accounts through “e-checks” or “electronic checks.”

The Government would introduce testimony and documentary evidence that from in or about May 2006 through the present, **JONES** resided in Houston, Texas.

The Government would further introduce testimony and evidence that from in or about May 2006 through in or about November 2007, **JONES** received housing assistance from

FEMA, via CLC, through the DHAP program.. Specifically, from May 2006 through October 2007, CLC made monthly payments on behalf of **JONES** to **Company A**, owner of an apartment complex in Houston, Texas, for an apartment in Houston, Texas, in which **JONES** was living. In November 2007, CLC made one monthly payment on behalf of **JONES** to **Company B**, owner of a different apartment complex in Houston, Texas, for an apartment in Houston, Texas, in which **JONES** was then living.

HANO and HUD representatives would testify that in or about May 2006, the defendant, **KAREN JONES**, also completed a HANO disaster voucher program application seeking Section 8 housing assistance in New Orleans. In her application, **JONES** agreed that she would supply any true and complete information to HANO that HUD required to provide Section 8 assistance, that she would reside in the unit for which she would receive Section 8 benefits during the term of the lease, and that she would not commit and fraud or criminal act in connection with her receipt of Section 8 benefits.

The Government would also present testimony and evidence that, as a result of the representations **JONES** made in her application, from in or about December 2006 through on or about December 2008, HANO provided HUD-funded Section 8 assistance on behalf of **JONES** to **Landlord A**, owner of a home located at 6033 Kuebel Drive, New Orleans, Louisiana 70126 that **JONES** leased.

Testimony and evidence would also establish that on or about October 19, 2007, the defendant, **KAREN JONES**, submitted a “HANO Personal Declaration for Assistance Programs” application for the purpose of being recertified to receive Section 8 assistance. As part of the application, **JONES** stated that, as of the date of the application, she lived at 6033

Kuebel Drive, New Orleans, Louisiana 70126, when, in truth and in fact, **JONES** did not live at 6033 Kuebel Drive, New Orleans, Louisiana 70126, and instead resided in Houston, Texas.

Additionally, at the time she made this representation in her recertification application, **JONES** was receiving housing assistance from FEMA, via CLC, through the DHAP program for an apartment in Houston, Texas.

Representatives of HUD and HANO would testify that as a result of the representations of the defendant, **KAREN JONES**, between in or about December 2006 and December 2008, the United States Department of Housing and Urban Development, by and through the Housing Authority of New Orleans, disbursed approximately \$33,525.00 by check, sent by United States mail, and electronic check, using the ACH system, on behalf of, and for the benefit of, the defendant, **KAREN JONES**.

In particular, testimony and exhibits would be presented to show that on or about December 15, 2006, HANO sent a Section 8 rent payment via United States mail, check number 75828, in the amount of approximately \$2,859.00, from HANO's headquarters in New Orleans, Louisiana to the home address of **Landlord A**, on behalf of, and for the benefit of, **JONES**. This check was mailed as a result of **JONES'S** false representations that she lived at 6033 Kuebel Drive, New Orleans, Louisiana 70126. Certain documents and exhibits would be offered and introduced into evidence to prove that the defendant's fraudulent application and actions directly led to the mailing of the check.

Additionally, testimony and exhibits would be presented to show that on or about December 1, 2007, in the Eastern District of Louisiana and elsewhere, as a result of the false representations made by **JONES**, HANO authorized and issued a Section 8 rent payment, with

