

UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF HEARINGS AND APPEALS

In the Matter of:

CHERRY ESTATES LP; CHERRY ESTATES INVESTMENT, LLC; FLUSHING ELMCREST LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP; ELMCREST INVESTMENT, LLC; COVENANT APARTMENTS LP; COVENANT APARTMENTS INVESTMENT, LLC; COVENANT PROJECT, LLC; BETHEL TOWER LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP; BETHEL TOWER INVESTMENT, LLC; TRAIL WEST, LTD.; TRAIL WEST INVESTMENT, LLC; TRAIL WEST HOUSING PARTNERS, INC.; ROBINSON HEIGHTS APARTMENTS I, LP; ROBINSON HEIGHTS APARTMENTS INVESTMENT I, LLC; HICKORY CREEK ESTATES, LTD.; HICKORY CREEK ESTATES INVESTMENT, LLC; SHERMAN THOMPSON OH TC, L.P.; SHERMAN THOMPSON TOWERS INVESTMENT, LLC; HIGHLAND PLACE ASSOCIATES I, LTD.; HIGHLAND PLACE INVESTMENT I, LLC; PETOSKEY RIVERVIEW LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP; PETOSKEY RIVERVIEW INVESTMENT, LLC; OAKDALE ESTATES, LTD.; OAKDALE ESTATES II INVESTMENT, LLC; OAKDALE ESTATES INVESTMENT, LLC; OAKDALE ESTATES INVESTMENT GP, LLC; MORNING STAR TOWER, LTD.; MORNING STAR TOWER INVESTMENT, LLC; INTERNATIONAL TOWERS I OHIO, LTD.; YMHA HOUSING PRESERVATION, LLC; INTERNATIONAL TOWERS INVESTMENT I, LLC; KINGSBURY TOWER I, LTD.; KINGSBURY TOWER INVESTMENT I, LLC; HUNTER'S RUN INVESTMENT, LLC; HALTON HR INVESTORS, LLC; HWFB HR INVESTMENT, LLC; HALTON SPRINGS INVESTMENTS, LLC; MILLENNIA HOUSING MANAGEMENT LTD., and FRANK SINITO,

Respondents.

24-JM-0150-CM-005
24-AF-0151-CM-006
24-AF-0171-CM-008
24-AF-0172-CM-009
24-AF-0173-CM-010
24-AF-0181-CM-011
24-AF-0182-CM-012
24-AF-0186-CM-013
24-AF-0187-CM-014
24-AF-0188-CM-015
24-AF-0189-CM-016
24-AF-0194-CM-017
24-AF-0215-CM-018
24-AF-0216-CM-019
24-AF-0223-CM-020
24-AF-0224-CM-021

April 9, 2026

INITIAL DECISION AND ORDER

Between February 21 and April 10, 2024, the United States Department of Housing and Urban Development ("HUD") filed sixteen *Complaints* with this Tribunal under 12 U.S.C. § 1735f-15(c)(1)(B)(ii), alleging that Respondents made unauthorized disbursements of Project

funds without the written approval of the HUD Secretary. In the *Complaints*, HUD alleges that Respondents made unauthorized transfers totaling more than \$3.1 million from accounts associated with HUD-insured multifamily housing projects.¹

On May 22, 2025, the Tribunal issued an *Order on Motions for Summary Judgment* (“*Summary Judgment*”), a copy of which is appended to this *Initial Decision and Order* for reference, finding that certain Respondents knowingly and materially violated statutory and regulatory requirements by transferring Project funds without authorization. However, the Tribunal declined to impose civil money penalties, instead sending the matter to hearing to develop a complete record and determine the appropriate penalty amounts.

The hearing took place on June 3 and June 4, 2025. During the hearing, the Tribunal received documentary evidence from the parties and heard the testimony of Robert Iber and Michael Pico. Robert Iber is a Senior Advisor in the Office of Multifamily Housing within HUD. Michael Pico is the Chief Operating Officer of Respondent Millennia Housing Management, Ltd. (“Millennia”).

Following the hearing, the parties filed post-hearing submissions. In its filings, HUD argues that the Tribunal should impose a civil money penalty of \$6,821,340 on Respondents. In Respondents’ filings, they assert constitutional violations that, in their view, compel dismissal of this proceeding. Moreover, Respondents argue that, if the Tribunal imposes a civil money penalty, a penalty of \$311,152.50 is appropriate.

LEGAL FRAMEWORK

The Federal Housing Administration (“FHA”), established under the National Housing Act, administers mortgage insurance programs to promote the development and availability of affordable housing. As relevant here, the FHA insures mortgages for multifamily housing projects. See 12 U.S.C. §§ 1713, 1715l, 1715n.

Under section 537 of the National Housing Act, enacted through the HUD Reform Act of 1989, Congress authorized the Secretary of HUD to impose civil money penalties on mortgagors and certain affiliated parties for violations of HUD’s multifamily insurance program requirements. See Pub. L. No. 101-235, § 108, 103 Stat. 1987, 2003 (1989) (codified at 12 U.S.C. § 1735f-15); see also 24 C.F.R. § 30.45. Liable parties under the statute include: (1) mortgagors of HUD-insured properties with five or more living units; (2) general partners of partnership mortgagors; (3) officers or directors of corporate mortgagors; (4) management agents with an identity of interest with the mortgagor or its principals; and (5) members of limited liability companies that are mortgagors or serve in certain controlling ownership roles. 12 U.S.C. § 1735f-15(b)(1), (c)(1)(A).

Before the imposition of a civil money penalty, HUD must file a complaint and provide the respondent with an opportunity to request a hearing on the record. See 12 U.S.C. § 1735f-

¹ Although they are named as Respondents, HUD is not seeking penalties against Trail West Housing Partners, Inc., or HWFB HR Investment, LLC.

15(d)(1)(B); 24 C.F.R. § 30.85(b). HUD has the burden to “prove the respondent’s liability and any aggravating factors by a preponderance of the evidence.” 24 C.F.R. § 26.45(e). A respondent has the burden to “prove any affirmative defenses and any mitigating factors by a preponderance of the evidence.” *Id.* The Tribunal conducts the hearing in accordance with the Administrative Procedure Act and HUD’s implementing regulations at 24 C.F.R. part 26, subpart B. *See* 24 C.F.R. §§ 30.1, 30.95.

Penalties may be imposed where a liable party knowingly and materially fails to comply with applicable requirements or commits one of the specific violations enumerated in subsection (c)(1)(B). 12 U.S.C. § 1735f-15(b)(1), (c)(1)(B). As relevant here, subsection (c)(1)(B)(ii) prohibits the knowing and material “[a]ssignment, transfer, disposition, or encumbrance of any personal property of the project, including rents, other revenues, or contract rights, or paying out any funds, except for reasonable operating expenses and necessary repairs, without the prior written approval of the Secretary.” *Id.* § 1735f-15(c)(1)(B)(ii).²

HUD regulations require the Tribunal to consider the following factors when imposing civil money penalties:

- (a) The gravity of the offense;
- (b) Any history of prior offenses;
- (c) The ability to pay the penalty, which ability shall be presumed unless specifically raised as an affirmative defense or mitigating factor by the respondent;
- (d) The injury to the public and tenants;
- (e) Any benefits received by the violator;
- (f) The extent of potential benefit to other persons;
- (g) Deterrence of future violations;
- (h) The degree of the violator’s culpability; and
- (i) Such other matters as justice may require.

24 C.F.R. § 30.80; *see also* 12 U.S.C. § 1735f-15(d)(3). The regulation at 24 C.F.R. § 30.45(g) sets forth the maximum penalty that may be imposed for each violation.

RESPONDENTS’ CONSTITUTIONAL ARGUMENTS

On April 28, 2025, Respondents filed a *Motion for Summary Judgment on the Government’s Claims* requesting dismissal of this proceeding based on four purported constitutional violations. Specifically, Respondents argued that (1) the Seventh Amendment entitles them to a jury trial, which the Tribunal cannot provide; (2) the dual-layer removal protections for administrative law judges violate Article II by insulating the presiding judge from presidential oversight; (3) the Tribunal lacks constitutional authority under Article III to adjudicate the claims at issue; and (4) the absence of a publicly available docket violates the First

² Section 1735f-15(c) also notes that “[t]he pay out of surplus cash, as defined by and provided for in the regulatory agreement, shall not constitute a violation....” 12 U.S.C. § 1735f-15(c)(1)(B).

Amendment. On *Summary Judgment*, the Tribunal rejected Respondents' constitutional challenges and denied their motion for summary judgment in its entirety.

In *Respondents' Post Hearing Brief*, they re-raise the constitutional arguments previously presented on summary judgment. For the reasons that follow, the Tribunal again rejects these arguments.³

First, in their *Post Hearing Brief*, Respondents reiterate that this proceeding belongs before a jury in an Article III court because this matter is a contract dispute in form and function. In support, Respondents cite a supplemental authority: *Sun Valley Orchards, LLC v. DOL*, 148 F.4th 121 (3d Cir. 2025). However, *Sun Valley* is distinguishable because it dealt with the enforcement of an employment contract. By contrast, HUD's claims in this proceeding do not resemble a traditional contract dispute that could have been brought before an English common law court. The enforcement action authorized by 12 U.S.C. § 1735f-15 is a product of a modern, regulatory statute with no historical equivalent in the courts of law. Therefore, the supplemental authority cited by Respondents does not persuade the Tribunal that dismissal is appropriate.

Respondents also argue that HUD's failure to timely provide materials requested under the Freedom of Information Act ("FOIA") bolsters Respondents' First Amendment challenge. Respondents contend that the documents they sought under FOIA are important to this case because the requested materials include copies of decisions issued by the presiding judge that resulted in an appellate ruling. However, as stated on *Summary Judgment*, all decisions issued by this Tribunal, including by the undersigned judge, are posted to HUD's webpage. Most are also available on commercial legal databases such as Westlaw, as are Secretarial decisions. Again, Respondents have not established a violation of the First Amendment right of access to court documents, nor have they made any showing that their failure to timely obtain from HUD the materials cited in their FOIA requests has caused particular harm or prejudice.

Aside from citing *Sun Valley* and the FOIA requests, Respondents do not offer any new constitutional arguments beyond those already considered and rejected on summary judgment. For the reasons set forth on *Summary Judgment* and the reasons discussed above, Respondents' renewed request for dismissal of this proceeding based on the purported constitutional violations is **DENIED**.

FACTUAL FINDINGS

The Tribunal has considered the matters presented by the parties, including the *Complaints*, the *Amended Answers*, the hearing exhibits, the *Government's Statement of Undisputed Material Facts in Support of Its Motion for Summary Judgment* ("*Statement of Undisputed Material Facts*"),⁴ the discovery responses, and the parties' post-hearing submissions. Based on a thorough and careful analysis of the entire record, the Tribunal finds

³ Respondents also raise unsubstantiated "double jeopardy concerns." However, Respondents fail to cite case law supporting their argument that "double jeopardy" applies here.

⁴ The parties stipulated to the facts in the *Statement of Undisputed Material Facts*. The Tribunal adopts these facts as factual findings.

the facts described below and further finds and takes cognizance of facts as described elsewhere in this *Initial Decision and Order*.

A. The Respondents

This matter arises from HUD's allegations of unauthorized disbursements of Project funds at sixteen HUD-insured multifamily housing properties. The named Respondents own, control, and manage the sixteen Project properties.⁵ Respondents have participated in HUD programs for 30 years.

Millennia is a limited liability company that manages more than 30,000 multifamily housing units. Millennia manages all sixteen properties at issue in this proceeding and serves as their identity-of-interest management agent. Millennia is the only entity Respondent that has employees of its own. Millennia carries out all the functions for each Project and controls each Project's bank account.

Each property is owned and mortgaged by a named Respondent. For example, Cherry Estates LP is the owner-mortgagor of the Cherry Estates property, and Covenant Apartments LP is the owner-mortgagor of the Covenant House property.

Each owner-mortgagor entered into a Regulatory Agreement with HUD for its respective property. These Agreements imposed restrictions on the distribution of cash belonging to the Project and typically specified when and how often Projects could make such distributions.

All of the entity Respondents that are not owner-mortgagors are either general partners or members of one or more owner-mortgagor entities. For example, Cherry Estates Investment, LLC is the general partner of Cherry Estates LP. Covenant Apartments Investment, LLC is the managing general partner of Covenant Apartments LP, with Covenant Project, LLC also serving as a general partner.

Respondent Frank T. Sinito is a member of Millennia and serves as its chief executive officer ("CEO"). He and his wife own a 90% controlling interest in Millennia.

Mr. Sinito is also affiliated with at least one other organizational Respondent for each property and is, in nearly all cases, the sole member of that entity. At all relevant times, Mr. Sinito was the primary person in control of the entity Respondents and the Projects. For example, Mr. Sinito executed each Regulatory Agreement on behalf of the relevant owner-mortgagor; he met with HUD regarding the Projects at issue; he was one of two individuals responsible for approving a transfer of funds from Project accounts; he made contributions to relieve any shortfalls at properties managed by Millennia; and he appointed a chief operating officer to oversee all Millennia properties.

⁵ Table 1 in the *Summary Judgment* order summarizes the relationships among the Respondents and the properties identified in the *Complaints*.

B. The Project Properties and the Unauthorized Transfers

On *Summary Judgment*, the Tribunal found that Respondents made a total of 116 unauthorized transfers of Project funds, totaling \$3,111,525, across the sixteen Projects, as summarized below. The precise dates and amounts of each unauthorized transfer can be found in the *Summary Judgment* order.

1. Cherry Estates Project (HUDOHA Docket No. 24-JM-0150-CM-005)

Cherry Estates is a multifamily property in Kent, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 223(f) of the National Housing Act, 12 U.S.C. § 1715n, at all relevant times. Respondent Cherry Estates LP entered into a Regulatory Agreement with HUD that allows the Project to distribute surplus cash from its funds only once annually.

On summary judgment, the Tribunal found that ten unauthorized transfers of Cherry Estates Project funds occurred between February 3, 2022, and April 20, 2023. The Tribunal further determined that Millennia and Cherry Estates LP are jointly and severally liable for the ten unauthorized transfers in the Cherry Estates Project, and that Mr. Sinito is jointly and severally liable with these Respondents for eight of the ten unauthorized transfers.

2. Covenant House Project (HUDOHA Docket No. 24-AF-0171-CM-008)

Covenant House is a multifamily property in Toledo, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221(d)(4) of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Its owner and mortgagor, Covenant Apartments LP, entered into a Regulatory Agreement with HUD that limits allowable distributions to surplus cash amounts distributed “only as of and after the end of [the] semiannual or annual fiscal period....”

On summary judgment, the Tribunal found that one unauthorized transfer of Covenant House Project funds occurred on August 24, 2022. The Tribunal further determined that Millennia, Mr. Sinito, and Covenant Apartments LP are jointly and severally liable for the unauthorized transfer in the Covenant House Project.

3. Elmcrest Village Project (HUDOHA Docket No. 24-AF-0151-CM-006)

Elmcrest Village is a multifamily property in Flushing, Michigan, with 5 or more living units that has had a mortgage insured under Section 223(f) of the National Housing Act, 12 U.S.C. § 1715n, at all relevant times. Its owner and mortgagor, Flushing Elmcrest Limited Dividend Housing Association Limited Partnership (“LDHALP”), entered into a Regulatory Agreement with HUD that limits allowable distributions to surplus cash amounts calculated “as of the last day of [Borrower’s] fiscal year. Borrower may also, at its election, and if permitted pursuant to Program Obligations, calculate Surplus Cash as of the last day of the sixth month of its fiscal year.”

On summary judgment, the Tribunal found that ten unauthorized transfers of Elmcrest Village Project funds occurred between August 8, 2022, and April 20, 2023. The Tribunal

further determined that Millennia and Flushing Elmcrest LDHALP are jointly and severally liable for the ten unauthorized transfers in the Elmcrest Village Project, and that Mr. Sinito is jointly and severally liable with these Respondents for six of the ten unauthorized transfers.

4. Evergreen Estates Project (HUDOHA Docket No. 24-AF-0182-CM-012)

Evergreen Estates is a multifamily property in The Plains, Ohio, with 5 or more living units that has had a mortgage insured under Section 221(d)(4) of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Respondent Hickory Creek Estates, Ltd., a limited partnership, entered into a Regulatory Agreement with HUD for the property. The Regulatory Agreement limits allowable distributions to surplus cash amounts distributed “only as of and after the end of a semiannual or annual fiscal period....”

On summary judgment, the Tribunal found that eighteen unauthorized transfers of Evergreen Estates Project funds occurred between April 26, 2022, and April 11, 2023. The Tribunal further determined that Millennia and Hickory Creek Estates, Ltd. are jointly and severally liable for the eighteen unauthorized transfers in the Evergreen Estates Project, and that Mr. Sinito is jointly and severally liable with these Respondents for thirteen of the eighteen unauthorized transfers.

5. Highland Place Project (HUDOHA Docket No. 24-AF-0187-CM-014)

Highland Place is a multifamily property in Conneaut, Ohio, with 5 or more living units that has had two mortgages insured under Sections 221(d)(4) and 223(a)(7) of the National Housing Act, 12 U.S.C. §§ 1715l, 1715n, at all relevant times. Its owner and mortgagor, Highland Place Associates I, Ltd., entered into a Regulatory Agreement with HUD that limits allowable distributions to surplus cash amounts calculated “as of and after the end of [a] semiannual or annual fiscal period....”

On summary judgment, the Tribunal found that eleven unauthorized transfers of Highland Place Project funds occurred between April 13, 2022, and April 7, 2023. The Tribunal further determined that Millennia and Highland Place Associates I, Ltd. are jointly and severally liable for the eleven unauthorized transfers in the Highland Place Project, and that Mr. Sinito is jointly and severally liable with these Respondents for seven of the eleven unauthorized transfers.

6. Hunter’s Run Project (HUDOHA Docket No. 24-AF-0224-CM-021)

Hunter’s Run Apartments is a multifamily property in Lebanon, Ohio, with 5 or more living units that has had a mortgage insured under Sections 207 and 223(f) of the National Housing Act, 12 U.S.C. §§ 1713 and 1715n, at all relevant times. Its owner and mortgagor is Hunter’s Run Investment, LLC, which entered into a Regulatory Agreement with HUD that limits allowable distributions to surplus cash amounts calculated “as of the last day of [Borrower’s] fiscal year. Borrower may also, at its election, and if permitted pursuant to

Program Obligations, calculate Surplus Cash as of the last day of the sixth month of its fiscal year.”

On summary judgment, the Tribunal found that eight unauthorized transfers of Hunter’s Run Project funds occurred between July 21, 2022, and April 20, 2023. The Tribunal further determined that Millennia and Hunter’s Run Investment, LLC are jointly and severally liable for the eight unauthorized transfers in the Hunter’s Run Project.

7. International Towers Project (HUDOHA Docket No. 24-AF-0216-CM-019)

International Towers is a multifamily property in Youngstown, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715*l*, at all relevant times. Its owner and mortgagor, International Towers I Ohio, Ltd., entered into a Regulatory Agreement with HUD, dated October 1, 2016. The Regulatory Agreement limits allowable distributions to surplus cash amounts calculated “as of the last day of [Borrower’s] fiscal year. Borrower may also, at its election, and if permitted pursuant to Program Obligations, calculate Surplus Cash as of the last day of the sixth month of its fiscal year.”

On summary judgment, the Tribunal found that two unauthorized transfers of International Towers Project funds occurred between April 6 and May 6, 2022. The Tribunal further determined that Millennia, Mr. Sinito, and International Towers I Ohio, Ltd. are jointly and severally liable for the two unauthorized transfers in the International Towers Project.

8. Kingsbury Tower and Townhomes Project (HUDOHA Docket No. 24-AF-0223-CM-020)

Kingsbury Tower and Townhomes is a multifamily property in Cleveland, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715*l*, at all relevant times. Its owner and mortgagor, Kingsbury Tower I, Ltd., a limited partnership, entered into a Regulatory Agreement with HUD that allows the Project to distribute surplus cash only annually or semiannually “within the accounting period immediately following the computation of Surplus Cash....”

On summary judgment, the Tribunal found that six unauthorized transfers of Kingsbury Tower and Townhomes Project funds occurred between May 5, 2022, and April 20, 2023. The Tribunal further determined that Millennia and Kingsbury Tower I, Ltd. are jointly and severally liable for the six unauthorized transfers in the Kingsbury Tower and Townhomes Project, and that Mr. Sinito is jointly and severally liable with these Respondents for four of the six unauthorized transfers.

9. Morning Star Tower Project (HUDOHA Docket No. 24-AF-0215-CM-018)

Morning Star Tower is a multifamily property in Cleveland, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715*l*, at all relevant times. Morning Star Tower, Ltd., a limited partnership, is the owner and mortgagor of Morning Star Tower, and it entered into a Regulatory Agreement with

HUD that allows the Project to distribute surplus cash only annually or semiannually “within the accounting period immediately following the computation of Surplus Cash...”

On summary judgment, the Tribunal found that twenty-one (21) unauthorized transfers of Morning Star Tower Project funds occurred between January 6, 2022, and April 20, 2022. The Tribunal further determined that Millennia and Morning Star Tower, Ltd. are jointly and severally liable for the twenty-one (21) unauthorized transfers in the Morning Star Tower Project, and that Mr. Sinito is jointly and severally liable with these Respondents for five of the twenty-one (21) unauthorized transfers.

10. Oakdale Estates Project (HUDOHA Docket No. 24-AF-0194-CM-017)

Oakdale Estates is a multifamily property in West Union, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Its owner and mortgagor is Oakdale Estates Investment, LLC. The relevant Regulatory Agreement allows the Project to distribute surplus cash only annually or semiannually “within the accounting period immediately following the computation of Surplus Cash...”

On summary judgment, the Tribunal found that four unauthorized transfers of Oakdale Estates Project funds occurred between April 27, 2022, and April 11, 2023. The Tribunal further determined that Millennia and Oakdale Estates Investment, LLC are jointly and severally liable for the four unauthorized transfers in the Oakdale Estates Project.

11. Oakdale Estates (Senior) Project (HUDOHA Docket No. 24-AF-0189-CM-016)

Oakdale Estates (Senior) is a multifamily property in West Union, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. It is owned by Oakdale Estates II Investment, LLC, which is also its mortgagor. The relevant Regulatory Agreement allows the Project to distribute surplus cash only annually or semiannually “within the accounting period immediately following the computation of Surplus Cash.”

On summary judgment, the Tribunal found that five unauthorized transfers of Oakdale Estates (Senior) Project funds occurred between May 26, 2022, and April 20, 2023. The Tribunal further determined that Millennia and Oakdale Estates II Investment, LLC are jointly and severally liable for the five unauthorized transfers in the Oakdale Estates (Senior) Project.

12. Riverview Terrace Project (HUDOHA Docket No. 24-AF-0188-CM-015)

Riverview Terrace is a multifamily property in Toledo, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Sections 207 and 223 of the National Housing Act, 12 U.S.C. §§ 1713, 1715n, at all relevant times. Its owner and mortgagor, Petoskey Riverview LDHALP, entered into a Regulatory Agreement with HUD that limits allowable distributions to

surplus cash amounts “within the accounting period immediately following the computation of Surplus Cash, and prior to the Borrower’s next calculation of Surplus Cash...”

On summary judgment, the Tribunal found that four unauthorized transfers of Riverview Terrace Project funds occurred between April 8 and October 6, 2022. The Tribunal further determined that Millennia and Petoskey Riverview LDHALP are jointly and severally liable for the four unauthorized transfers in the Riverview Terrace Project, and that Mr. Sinito is jointly and severally liable with these Respondents for two of the four unauthorized transfers.

13. Robinson Heights Apartments Project (HUDOHA Docket No. 24-AF-0181-CM-011)

Robinson Heights Apartments is a multifamily property in Burlington, Iowa, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Its owner and mortgagor, Robinson Heights Apartments I, LP, entered into a Regulatory Agreement with HUD that allows the owner to distribute from surplus cash only once annually.

On summary judgment, the Tribunal found that two unauthorized transfers of Robinson Heights Apartments Project funds occurred between May 10 and October 6, 2022. The Tribunal further determined that Robinson Heights Apartments I, LP is liable for the two unauthorized transfers in the Robinson Heights Apartments Project.

14. Sherman Thompson Towers Project (HUDOHA Docket No. 24-AF-0186-CM-013)

Sherman Thompson Towers is a multifamily property in Ironton, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Its owner and mortgagor, Sherman Thompson OH TC, L.P., entered into a Regulatory Agreement with HUD that limits allowable distributions to surplus cash amounts “within the accounting period immediately following the computation of Surplus Cash, and prior to the Borrower’s next calculation of Surplus Cash...”

On summary judgment, the Tribunal found that four unauthorized transfers of Sherman Thompson Towers Project funds occurred between August 26, 2022, and April 20, 2023. The Tribunal further determined that Millennia and Sherman Thompson OH TC, L.P. are jointly and severally liable for the four unauthorized transfers in the Sherman Thompson Towers Project, and that Mr. Sinito is jointly and severally liable with these Respondents for two of the four unauthorized transfers.

15. St. Antoine Gardens Project (HUDOHA Docket No. 24-AF-0172-CM-009)

St. Antoine Gardens is a multifamily property in Detroit, Michigan, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Its owner and mortgagor, Bethel Tower LDHALP, entered into a Regulatory Agreement with HUD that limits allowable distributions to surplus cash amounts calculated “at the end of the semiannual or annual fiscal period.”

On summary judgment, the Tribunal found that four unauthorized transfers of St. Antoine Gardens Project funds occurred between August 26, 2022, and April 18, 2023. The Tribunal

further determined that Millennia and Bethel Tower LDHALP are jointly and severally liable for the four unauthorized transfers in the St. Antoine Gardens Project, and that Mr. Sinito is jointly and severally liable with these Respondents for two of the four unauthorized transfers.

16. Trail West Apartments Project (HUDOHA Docket No. 24-AF-0173-CM-010)

Trail West Apartments is a multifamily property in Newark, Ohio, with 5 or more living units that has had a mortgage insured pursuant to Section 221 of the National Housing Act, 12 U.S.C. § 1715l, at all relevant times. Its owner and mortgagor, Trail West, Ltd., a limited partnership, entered into a Regulatory Agreement with HUD that allows the owner to distribute from surplus cash only once annually.

On summary judgment, the Tribunal found that six unauthorized transfers of Trail West Project funds occurred between December 8, 2022, and April 20, 2023. The Tribunal further determined that Millennia, Mr. Sinito, and Trail West, Ltd. are jointly and severally liable for the six unauthorized transfers in the Trail West Apartments Project.

C. Transfers Caused by Mr. Sinito

On *Summary Judgment*, the Tribunal found that Mr. Sinito initiated, directed, caused, or approved 71 of the 116 unauthorized transfers at issue in this proceeding.⁶ These findings reflect the entity Respondents' admissions in *Respondents' Supplemental Responses and Objections to the Government's First Set of Requests for Admission* ("*Respondents' Supplemental RFA Responses*"). In this section of the *Initial Decision and Order*, the Tribunal considers whether Mr. Sinito caused any of the remaining transfers.

1. Mr. Sinito's general ledger establishes that he caused five additional unauthorized transfers.

In five instances where the entity Respondents denied that Mr. Sinito caused the unauthorized transfers, the record establishes that Mr. Sinito did, in fact, cause them. The Tribunal finds that Mr. Sinito caused these unauthorized transfers because they were recorded in his general ledger as "GP Adv to fund FTS^[7] selected payables from Funding List." The five transfers are detailed in *Table 1*, below.

Table 1

Date of Transfer:	Amount of Transfer:	Project:
Oct. 7, 2022	\$15,000	Cherry Estates
Oct. 6, 2022	\$30,000	Elmcrest Village
Oct. 7, 2022	\$40,000	Highland Place
Oct. 6, 2022	\$20,000	Riverview Terrace
Oct. 7, 2022	\$10,000	Sherman Thompson Towers

⁶ The 116 unauthorized transfers found on *Summary Judgment* are the only transfers at issue in this case.

⁷ Mr. Sinito's initials are FTS.

2. The Tribunal deems the requests for admission admitted in 34 instances.

In twenty instances, *Respondents' Supplemental RFA Responses* state that the entity Respondents “searched their records and have been unable to locate a wire transfer approval form for this transfer and are therefore unable to admit or deny” whether Mr. Sinito “initiated, directed, caused, or approved the transfer.” In fourteen other instances, the entity Respondents stated that their “documentation is illegible and they are unable to admit or deny” whether Mr. Sinito “initiated, directed, caused, or approved the transfer.”

Pursuant to 24 C.F.R. § 26.42(c)(2), a “requested admission shall be considered admitted, unless... the party from whom the admission is sought serves upon the party making the request... [a] statement, which:... [d]oes not assert lack of information or knowledge as a reason for failure to admit or deny, unless the party states that the party has made reasonable inquiry, and that the information known or readily obtainable by the party is insufficient to enable the party to admit or deny....”

In the 34 instances discussed above, the entity Respondents failed to state or demonstrate that they made a reasonable inquiry, as required by regulation. See 24 C.F.R. § 26.42(c)(2). In several instances where Respondents claimed that they were unable to locate the wire transfer approval forms, HUD had already produced copies of the forms to Respondents. In addition, Respondents did not state that they made an effort to obtain the necessary information through sources other than wire transfer approval forms. And, for the transfer documents that Respondents claimed were illegible, Respondents did not state that they asked a person with knowledge to review the documentation. Therefore, the Tribunal considers these 34 requested admissions admitted. Accordingly, the Tribunal finds that Mr. Sinito “initiated, directed, caused, or approved” the following 34 transfers detailed in *Table 2*, below.

Table 2

Date of Transfer:	Amount of Transfer:	Project:
Jan. 12, 2023	\$20,000	Cherry Estates
Aug. 8, 2022	\$18,525	Elmcrest Village
Sept. 26, 2022	\$8,000	Elmcrest Village
Sept. 26, 2022	\$7,000	Elmcrest Village
July 21, 2022	\$12,000	Evergreen Estates
Nov. 1, 2022	\$10,000	Evergreen Estates
Jan. 12, 2023	\$3,800	Evergreen Estates
Oct. 11, 2022	\$36,000	Highland Place
Mar. 23, 2023	\$50,000	Highland Place
Nov. 10, 2022	\$15,000	Hunter's Run
Feb. 28, 2023	\$21,000	Hunter's Run
Apr. 13, 2023	\$25,000	Hunter's Run
May 5, 2022	\$32,000	Kingsbury Tower
Dec. 8, 2022	\$20,000	Kingsbury Tower
Jan. 6, 2022	\$72,700	Morning Star Tower
July 21, 2022	\$120,000	Morning Star Tower
Aug. 9, 2022	\$25,000	Morning Star Tower
Oct. 7, 2022	\$15,000	Morning Star Tower
Oct. 27, 2022	\$25,000	Morning Star Tower
Nov. 10, 2022	\$50,000	Morning Star Tower
Dec. 8, 2022	\$20,000	Morning Star Tower
Dec. 30, 2022	\$47,000	Morning Star Tower
Jan. 9, 2023	\$25,000	Morning Star Tower
Jan. 11, 2023	\$80,000	Morning Star Tower
Mar. 9, 2023	\$25,000	Morning Star Tower
Mar. 29, 2023	\$25,000	Morning Star Tower
Mar. 31, 2023	\$35,000	Morning Star Tower
Apr. 5, 2023	\$75,000	Morning Star Tower
Apr. 18, 2023	\$10,000	Morning Star Tower
Apr. 20, 2023	\$6,000	Morning Star Tower
Mar. 23, 2023	\$25,000	Oakdale Estates (Senior)
Aug. 26, 2022	\$20,000	Riverview Terrace
Aug. 26, 2022	\$15,000	Sherman Thompson Towers
Aug. 26, 2022	\$12,000	St. Antoine Gardens

D. Transfers Caused by Millennia

On *Summary Judgment*, the Tribunal found that Millennia initiated, directed, caused, or approved 114 of the 116 unauthorized transfers at issue in this proceeding. Those findings were based on Respondents' discovery responses, wherein Respondents admitted that Millennia initiated, directed, caused, or approved all of the unauthorized transfers except the two transfers involving the Robinson Heights Apartments Project's funds.

Upon review of the record, the Tribunal now finds that Millennia also caused the two unauthorized transfers in the Robinson Heights Apartments Project, detailed in *Table 3* below, because Millennia carried out all the functions for that Project and controlled the Project's bank account. Moreover, the record shows that Millennia managed all sixteen properties at issue in this proceeding, carried out all the functions for each Project, and controlled each Project's bank account. This evidence would suffice to establish that Millennia initiated, directed, caused, or approved all 116 of the unauthorized transfers, even if Millennia had not already admitted responsibility for causing 114 of them.

Table 3

Date of Transfer:	Amount of Transfer:	Project:
May 10, 2022	\$10,000	Robinson Heights Apartments
Oct. 6, 2022	\$20,000	Robinson Heights Apartments

E. Disposition of the Transferred Funds

Respondents provided some information regarding the disposition of the Project funds that were transferred without authorization. Respondents transferred most of the funds to Mr. Sinito's personal accounts or to entities that are unrelated to the transferring Project. In some instances, Respondents intended to transfer the funds described as "GP Advance" to the Project's general partner entity, but instead transferred those funds directly to Mr. Sinito.

Respondents also used some of the transferred Project funds to pay for payroll expenses or mortgages at other Projects in which Mr. Sinito and Millennia had financial interests. Mr. Sinito used some of the funds to buy the ownership interests of his business partners in certain properties. However, Respondents did not provide information about the ultimate disposition of some of the transferred funds.

F. Financial Information Provided by Respondents

Respondents presented unaudited financial statements for Millennia from 2023 and 2024. Of note, Millennia's unaudited financial statement from 2024 states that it is "PRELIMINARY SUBJECT TO CHANGE."

Respondents also presented audited financial statements for fifteen Respondents from 2023 or earlier. Most of the Respondents that produced audited financial statements from 2023 had positive real estate equity and cash flow in 2023.

Nineteen Respondents did not provide any documentation regarding their financial condition.⁸

⁸ These nineteen Respondents are Mr. Sinito; Cherry Estates Investment, LLC; Covenant Apartments Investment, LLC; Covenant Project, LLC; Elmcrest Investment, LLC; Hickory Creek Estates Investment, LLC; Highland Place Investment I, LLC; Halton HR Investors, LLC; Halton Springs Investments, LLC; International Towers Investment I, LLC; YMHA Housing Preservation, LLC; Kingsbury Tower Investment I, LLC; Morning Star Tower Investment,

Mr. Pico offered testimony regarding his day-to-day observations of Respondents' financial health. However, Mr. Pico admitted that he had not reviewed Respondents' bank statements and testified that the financial statements produced by Respondents do not provide a complete picture of each Respondent's present financial condition.

G. Audit Findings, Debarments, and Prior HUD Warnings

No court or tribunal has previously held that Respondents violated any HUD regulations. However, on June 22, 2021 prior to the occurrence of the unauthorized transfers discussed in this decision HUD's Departmental Enforcement Center issued a cease and desist letter to Mr. Sinito concerning similar unauthorized transfers dating back to at least 2019 at another FHA-insured multifamily property within the Millennia portfolio.

Between 2021 and 2023, auditors found that in several of the Projects at issue, the owner-mortgagor Respondents used Project funds for purposes unrelated to the Projects, distributed funds in excess of available surplus cash, and made distributions without the required authorization. Respondents agreed with the auditors' findings and with the auditors' recommendation that Respondents should enhance their internal controls to ensure that Project funds are used solely for Project-related expenses.

As of November 30, 2023, Respondents had not repaid any of the funds at issue here that were transferred without authorization. Because of these transfers, in 2023, HUD debarred Millennia and Mr. Sinito from participating in new government contracts.

LIABILITY

As discussed above, the Tribunal determined on *Summary Judgment* that several Respondents were liable for violations of 12 U.S.C. § 1735f-15(c)(1)(B)(ii). Specifically, the Tribunal found Millennia liable for 114 of the 116 unauthorized transfers at issue in this proceeding, found Mr. Sinito liable for 58 of those transfers, and found each of the 16 owner-mortgagor Respondents liable for the unauthorized transfer or transfers that occurred in their respective Projects.

In its post-hearing submissions, HUD advances other arguments regarding liability. HUD argues that general partner Respondents of certain limited partnership owner-mortgagor Respondents are jointly and severally liable for the same violations; the evidence leads to the inescapable inference that Mr. Sinito is responsible for each unauthorized transfer; Mr. Sinito should be held liable for all the unauthorized transfers because he ratified the transfers by keeping the transferred funds; Mr. Sinito should be held liable for unauthorized transfers in the Hunter's Run Project, the Oakdale Estates Project, and the Oakdale Estates (Senior) Project because Congress intended for the Tribunal to impose penalties on those with ultimate

LLC; Oakdale Estates Investment GP, LLC; Petoskey Riverview Investment, LLC; Robinson Heights Apartments Investment I, LLC; Sherman Thompson Towers Investment, LLC; Bethel Tower Investment, LLC; Trail West Investment, LLC.

responsibility for the mortgagor entity; and the corporate veil should be pierced to hold Mr. Sinito liable for all the violations. Respondents counter HUD's arguments.

For the reasons that follow, in addition to the liability allocated on summary judgment, the record now supports imposing liability on fifteen additional entity Respondents and piercing the corporate veil to hold Mr. Sinito jointly and severally liable for twenty additional violations. The Tribunal rejects HUD's remaining arguments regarding liability.

A. Millennia is liable for all 116 unauthorized transfers.

Having already deemed Millennia liable for 114 violations on summary judgment, the Tribunal now finds Millennia liable for the remaining two violations because Millennia caused the unauthorized transfers, and, as the identity-of-interest management agent for the Robinson Heights Apartments Project wherein the violations occurred, qualifies as a liable party under 12 U.S.C. § 1735f-15(c)(1)(A).

B. The general partners of thirteen limited partnership Respondents are jointly and severally liable for violations of the statute.

On *Summary Judgment*, the Tribunal determined that thirteen owner-mortgagor Respondents, which are limited partnerships,⁹ are liable for violations of the statute. In its post-hearing briefing, HUD argues that the general partners of the thirteen limited partnership Respondents are also jointly and severally liable for the same violations because the limited partnership Respondents could act only through their general partners.

Respondents acknowledge that a general partner of a limited partnership is jointly and severally liable for the liabilities and obligations of the limited partnership. Respondents argue, however, that it would be improper to impose separate or additional civil money penalties on the general partners for essentially the same conduct.

The Tribunal finds that the general partner Respondents necessarily carried out the unauthorized transfers for the thirteen limited partnership Respondents. Accordingly, the Tribunal concludes that the general partners of these thirteen limited partnership Respondents are jointly and severally liable for the violations.¹⁰ See 12 U.S.C. § 1735f-15(c)(1)(A)(ii). To be clear, this *Initial Decision and Order* does not impose separate or additional civil money penalties on the general partners.

⁹ These thirteen limited partnership Respondents are: Cherry Estates LP; Covenant Apartments LP; Flushing Elmcrest LDHALP; Hickory Creek Estates, Ltd.; Highland Place Associates I, Ltd.; International Towers I Ohio, Ltd.; Kingsbury Tower I, Ltd.; Morning Star Tower, Ltd.; Petoskey Riverview LDHALP; Robinson Heights Apartments I, LP; Sherman Thompson OH TC, L.P.; Bethel Tower LDHALP; and Trail West, Ltd.

¹⁰ The fifteen general partners who are now being held liable are: Cherry Estates Investment, LLC; Covenant Apartments Investment, LLC; Covenant Project, LLC; Elmcrest Investment, LLC; Hickory Creek Estates Investment, LLC; Highland Place Investment I, LLC; International Towers Investment I, LLC; YMHA Housing Preservation, LLC; Kingsbury Tower Investment I, LLC; Morning Star Tower Investment, LLC; Petoskey Riverview Investment, LLC; Robinson Heights Apartments Investment I, LLC; Sherman Thompson Investment, LLC; Bethel Tower Investment, LLC; and Trail West Investment, LLC.

- C. Oakdale Estates, Ltd. and Oakdale Estates Investment GP, LLC are jointly and severally liable for unauthorized transfers.

On *Summary Judgment*, the Tribunal found that Oakdale Estates Investment, LLC made and Oakdale Estates, Ltd. caused the four unauthorized transfers in the Oakdale Estates Project. The Tribunal also found that Oakdale Estates II Investment, LLC made and Oakdale Estates, Ltd. caused the five unauthorized transfers in the Oakdale Estates (Senior) Project. The Tribunal determined that owner-mortgagor Oakdale Estates Investment, LLC is liable for the unauthorized transfers in the Oakdale Estates Project and that owner-mortgagor Oakdale Estates II Investment, LLC is liable for the transfers in the Oakdale Estates (Senior) Project.

Considering that Oakdale Estates, Ltd. caused the unauthorized transfers in the Oakdale Estates Project and the Oakdale Estates (Senior) Project and is a member of each of the owner-mortgagors, subjecting it to liability under 12 U.S.C. § 1735f-15(c)(1)(A), the Tribunal now concludes that Oakdale Estates, Ltd. is jointly and severally liable for the nine unauthorized transfers in these two projects.

Oakdale Estates Investment GP, LLC, is the managing general partner of Oakdale Estates, Ltd., which is a limited partnership. HUD argues that Oakdale Estates Investment GP, LLC¹¹ is liable for the same violations as Oakdale Estates, Ltd., because a limited partnership can act only through its managing general partner. HUD acknowledges, however, that Oakdale Estates Investment GP, LLC's liability is limited to the Oakdale Estates Project because HUD did not identify Oakdale Estates Investment GP, LLC as a Respondent in the Oakdale Estates (Senior) Project *Complaint* (i.e., HUDOHA No. 24-AF-0189-CM-016).

Respondents acknowledge that a general partner of a limited partnership is jointly and severally liable for the liabilities and obligations of the limited partnership. Again, Respondents argue that it would be improper to impose separate or additional civil money penalties on a general partner for essentially the same conduct.

The Tribunal finds that Oakdale Estates Investment GP, LLC necessarily carried out the unauthorized transfers in the Oakdale Estates Project. Accordingly, the Tribunal concludes that Oakdale Estates Investment GP, LLC is jointly and severally liable for the unauthorized transfers in the Oakdale Estates Project.

However, Oakdale Estates Investment GP, LLC is not liable for the violations in the Oakdale Estates (Senior) Project because HUD did not identify Oakdale Estates Investment GP, LLC as a Respondent in the Oakdale Estates (Senior) Project *Complaint*. Moreover, this *Initial Decision and Order* does not impose separate or additional civil money penalties on Oakdale Estates Investment GP, LLC.

- D. Mr. Sinito is liable for 113 unauthorized transfers.

On summary judgment, the Tribunal found that Mr. Sinito, via his status as a member of a general partner of the owner-mortgagor of thirteen Projects, could be held liable under 12 U.S.C. § 1735f-15(c)(1)(A) for violations occurring at those thirteen Projects. The *Summary*

¹¹ Oakdale Estates Investment GP, LLC is the managing general partner of Oakdale Estates, Ltd.

Judgment held Mr. Sinito liable for 58 unauthorized transfers that occurred at those thirteen Projects based on Respondents' admission that Mr. Sinito caused the 58 transfers. The Tribunal has now found that Mr. Sinito caused 35 additional unauthorized transfers at the thirteen aforementioned Projects. Under the statute, Mr. Sinito is liable for those 35 unauthorized transfers, as well.

Remaining at issue is Mr. Sinito's liability for the six unauthorized transfers for which causation has not been established, and for the 17 unauthorized transfers that occurred at the Hunter's Run, Oakdale Estates, and Oakdale Estates (Senior) Projects. Although Mr. Sinito caused all 17 of the unauthorized transfers at those three Projects, he does not fall within the statutory definition of a "liable party" under 12 U.S.C. § 1735f-15(c)(1)(A) for those Projects due to their indirect ownership structures. Nonetheless, HUD advances several theories under which Mr. Sinito could be held liable for all the unauthorized transfers.

1. The record does not show that Mr. Sinito caused six of the unauthorized transfers.

HUD argues that the evidence in the record leads to the inescapable inference that Mr. Sinito is responsible for each unauthorized transfer. In support of its argument, HUD states that Mr. Sinito was the primary owner and CEO of the management agent for each Project; Mr. Sinito was one of just two individuals responsible for authorizing a decision to transfer funds from Project accounts; and Mr. Sinito was a direct beneficiary of most of the unauthorized transfers.

Respondents argue that Mr. Sinito is not personally responsible for each unauthorized transfer. Respondents assert that HUD's position fails because it relies on evidence that the Tribunal did not admit at the hearing. In addition, Respondents argue that HUD did not show a connection between Mr. Sinito's duties as CEO and the unauthorized transfers that would allow the Tribunal to infer that Mr. Sinito is responsible for each unauthorized transfer.

The record before the Tribunal does not necessitate the conclusion that Mr. Sinito is responsible for each unauthorized transfer, though he is liable for many of them.

Respondents have already conceded that Mr. Sinito caused 71 of the transfers.¹² For most of these, the record indicates that Mr. Sinito knew of the transfers and received the transferred funds. For example, the unauthorized transfer of \$10,000 made on April 18, 2023, from the Cherry Estates Project was received by Mr. Sinito's bank account and was recorded in his general ledger as "GP Advance fund Peace Lake Marous check," and the entity Respondents admitted that Mr. Sinito "initiated, directed, caused, or approved" this transfer.

Further, as discussed above, the general ledger entries establish that Mr. Sinito caused five additional transfers. And, in 34 other instances, the Tribunal has reasonably inferred that Mr. Sinito "initiated, directed, caused, or approved" the transfers based on Respondents' failure to adequately respond to requests for admissions.

¹² On *Summary Judgment*, the Tribunal held Mr. Sinito liable for just 58 of these transfers because, although he caused all 71 of the transfers, the record was insufficient to classify him as a liable party for violations that occurred in the Hunter's Run Project, the Oakdale Estates Project, or the Oakdale Estates (Senior) Project. Therefore, the Tribunal concluded that he was liable only for violations in the other thirteen Projects.

However, with respect to the six remaining transfers, it is unclear whether Mr. Sinito had knowledge of the transfers and received the transferred funds. One example of such a transfer is the unauthorized transfer of \$25,000 made on January 5, 2023, from the Evergreen Estates Project. Respondents denied that Mr. Sinito “initiated, directed, caused, or approved” this transfer. Mr. Sinito did not record the transfer in his general ledger, and HUD did not establish that Mr. Sinito received the funds or that he otherwise caused or directed the transfer.

Moreover, Mr. Sinito was not the only individual responsible for making or authorizing a decision to transfer funds from Project accounts. As HUD acknowledges, Millennia employees made transfers from Project bank accounts “at the direction of, or with approval from either Sinito or Jim Wells.” The record indicates that Mr. Wells caused some of the unauthorized transfers. For example, Respondents denied that Mr. Sinito “initiated, directed, caused, or approved” the unauthorized transfer of \$20,000 on October 27, 2022, in the St. Antoine Gardens Project, and Mr. Sinito’s general ledger recorded the transfer as “fund Century Woods & Heather Ridge mortgages per RM/JW,” suggesting that Mr. Wells directed and/or approved this transfer. Therefore, the Tribunal declines to infer that Mr. Sinito is personally responsible for each and every violation of the statute.

2. HUD’s “ratification” theory is too broad and was untimely raised.

HUD argues that the Tribunal should hold Mr. Sinito liable for all the unauthorized transfers because he ratified them by keeping the funds. In support, HUD asserts that most of the transfers benefited Mr. Sinito or his businesses; he had no independent claim to the transferred funds; he knew that Respondents’ auditors and HUD had warned against unauthorized transfers; he had knowledge of the transfers; and there is no indication that he repudiated or otherwise tried to undo any of the transfers.

Respondents argue that HUD raised its “ratification” theory too late in the proceedings. In addition, they argue that HUD (1) failed to show that any entity making the transfers was acting as Mr. Sinito’s agent, and (2) failed to show that Mr. Sinito had actual knowledge of the transfers.

To the extent HUD is arguing that the Tribunal should hold Mr. Sinito personally liable for all the unauthorized transfers, HUD’s argument is too broad. For the reasons discussed above, HUD has not shown that Mr. Sinito had knowledge of and received the funds from every unauthorized transfer.

Moreover, HUD first raised its “ratification” theory in its post-hearing submissions. HUD could have presented this theory in its *Motion for Summary Judgment*, during the hearing, or earlier, but did not do so. HUD’s failure to present its “ratification” theory until after the hearing raises the concern that Respondents lacked a full and fair opportunity to defend against the theory. See *Andrus v. Juniper Grp., Inc.*, No. 08-CV-1900 JS AKT, 2011 WL 4532694, at *4 (E.D.N.Y. Sept. 26, 2011) (barring plaintiff from arguing alter ego liability when plaintiff raised alter ego liability for the first time on the morning of trial). Accordingly, the Tribunal declines to conclude that Mr. Sinito is personally liable under HUD’s “ratification” theory.

3. The evidence supports piercing the corporate veil to hold Mr. Sinito liable for twenty additional violations.

HUD also broadly suggests that all of the entity Respondents are, in fact, alter egos of Mr. Sinito. HUD requests that the Tribunal pierce the corporate veil and hold Mr. Sinito liable for all of the unauthorized transfers at issue.

As an initial matter, Respondents argue that HUD raised its alter ego arguments too late because the *Complaints* do not allege alter ego liability. However, HUD raised its alter ego arguments on summary judgment and before the close of discovery, thereby timely placing Respondents on notice of its alter ego theory. Moreover, the evidence supporting this theory concerns Respondents' internal affairs, so Respondents have had access to the relevant evidence at all times. In addition, Respondents addressed HUD's alter ego arguments on summary judgment and at the hearing. Accordingly, the Tribunal will consider these arguments, because Respondents had notice of and the opportunity to maintain a defense against them. See *Nissan Motor Acceptance Corp. v. Nemet Motors, LLC*, No. 19CV3284NGGCLP, 2022 WL 4651667, at *6 (E.D.N.Y. Sept. 29, 2022) ("[I]nitial pleadings need not lay out the ultimately victorious theory of liability, so long as they state a claim upon which relief can be granted and provide the other party with sufficient notice to maintain a defense.").

Respondents also argue that this Tribunal lacks authority to impose liability through veil piercing. But Respondents identify no legal authority to support this argument.¹³ Indeed, the Tribunal may consider veil piercing arguments. See, e.g., *Sebastopol Meat Co. v. Secretary of Agriculture*, 440 F.2d 983, 985 (9th Cir. 1971) (permitting administrative agency to include alter ego of corporation in cease and desist order); *In re First Fed. Mortg. of Am., Inc.*, HUDALJ 90-134-MR (Feb. 8, 1991) (relying on alter ego determination in affirming HUD Mortgagee Review Board action).

Turning to the merits of the veil piercing inquiry, HUD argues that the facts in the record unambiguously show that the liable entity Respondents are Mr. Sinito's alter egos. HUD asserts that Mr. Sinito controlled each enterprise, which ignored corporate formalities, and engaged in regular commingling and diversion of funds without regard to formal ownership. Moreover, HUD argues that an inequitable result would follow if the corporate form were to protect Mr. Sinito from personal liability when he ignored the corporate structure by transferring Project funds directly to his account.

Respondents counter that HUD's assertions regarding alter ego are unsupported by the record and that HUD did not present evidence of any actual injury or unjust loss it suffered due to Mr. Sinito's alleged control.

Courts have framed the test for piercing the corporate veil using the following "two-prong test: (1) is there such unity of interest and ownership that the separate personalities of the

¹³ Respondents cite *N.L.R.B. v. Greater Kansas City Roofing*, 2 F.3d 1047, 1051 (10th Cir. 1993), but nothing in that decision indicates that the National Labor Relation Board holds veil-piercing authority that this Tribunal lacks. Respondents also cite two other cases which do not discuss veil piercing or alter ego liability, and which appear completely irrelevant. See *Modoc Lassen Indian Hous. Auth. v. HUD*, 881 F.3d 1181, 1187 (10th Cir. 2017); *Matthews v. Leavitt*, 452 F.3d 145, 152-53 (2d Cir. 2006).

[corporate entity] and the individual no longer exist?; and (2) if the acts are treated as those of the [corporate entity] alone, will an inequitable result follow?” Labadie Coal Co. v. Black, 672 F.2d 92, 96 (D.C. Cir. 1982)). The first question considers “the degree to which formalities have been followed to maintain a separate corporate identity,” while the second “looks to the basic issue of fairness under the facts.” Id. If a court answers those two questions affirmatively, the court may pierce the corporate veil. See United States v. Dynamic Visions, Inc., 220 F. Supp. 3d 16, 25 (D.D.C. 2016). However, “the corporate veil should be pierced only reluctantly and cautiously.” N.L.R.B. v. Greater Kansas City Roofing, 2 F.3d 1047, 1051 (10th Cir. 1993). And, HUD has the burden to “prove the [Respondents’] liability... by a preponderance of the evidence.” See 24 C.F.R. § 26.45(e).

Under the first prong of the test, courts consider the following factors: (1) the nature of the ownership of and control over the corporate entity; (2) whether the corporate entity maintained minutes or adequate records; (3) whether the corporate entity maintained the appropriate corporate formalities; (4) whether there is a commingling of funds and other assets of the corporate entity; (5) whether there is a diversion of the corporate entity’s funds or assets to non-corporate uses such as the personal uses of the entity’s owners; and (6) whether the entity and its owners use the same office or business location. See Labadie, 672 F.2d at 97-99. However, it is “not necessary that all of these factors be present in a given case to justify piercing the veil.” Id. at 97. Indeed, “no uniform standard exists for determining whether a [corporate entity] is simply the alter ego of its owners.” Valley Fin., Inc. v. United States, 629 F.2d 162, 172 (D.C. Cir. 1980). The alter ego inquiry “is a practical one, based largely on a reading of the particular factual circumstances.” Id.

Regarding the “ownership and control” factor, HUD established that Mr. Sinito and his wife own a 90% controlling interest in Millennia; Millennia manages all sixteen Projects at issue; Millennia is the only entity Respondent that has employees of its own; Millennia carries out all the functions for each Project and controls each Project’s bank accounts; Mr. Sinito was one of two individuals who could direct transfers from Project bank accounts; and Mr. Sinito was the primary person in control of the entity Respondents and the Projects. Regarding the “corporate formalities” factor, HUD established that some Respondents failed to observe corporate formalities when they transferred funds described as “GP Advance” directly to Mr. Sinito’s bank account instead of transferring the funds to the Project’s general partner entity Respondent. Regarding the “commingling of funds” and “diversion of funds” factors, HUD established that Respondents comingled funds and diverted funds to Mr. Sinito to further his financial interests. Regarding the “adequate records” factor, HUD established that at least some entity Respondents did not issue financial statements. Taken together, HUD’s evidence regarding these factors persuades the Tribunal that the entity Respondents are alter egos of Mr. Sinito. See Dynamic Visions, 220 F. Supp. 3d at 25 (piercing the veil when the sole owner “was able to, and did, withdraw large sums of money out of [the company’s] bank accounts and move them to his own personal accounts, or to the accounts of his two other businesses”).

Regarding the second prong of the test, an inequitable result will follow if the Tribunal declines to pierce the corporate veil with respect to the unauthorized transfers in the Hunter’s Run, Oakdale Estates, and Oakdale Estates (Senior) Projects. As determined above and on summary judgment, Millennia and Mr. Sinito caused the 17 transfers that were made in those

three Projects. Moreover, Mr. Sinito received the funds from 10 of those 17 unauthorized transfers. Accordingly, it is fair, under the facts, to hold Mr. Sinito liable for the 17 violations of the statute in those three Projects.

While the record does not establish that Mr. Sinito caused the October 27, 2022 transfer in the St. Antoine Gardens Project or the two transfers in the Robinson Heights Apartments Project, Mr. Sinito did receive the transferred funds in those three instances. Because Mr. Sinito received the transferred funds, it is also fair, under the facts, to hold Mr. Sinito liable for these three transfers, described below in *Table 4*.

Table 4

Date of Transfer:	Amount of Transfer:	Project:
May 10, 2022	\$10,000	Robinson Heights Apartments
Oct. 6, 2022	\$20,000	Robinson Heights Apartments
Oct. 27, 2022	\$20,000	St. Antoine Gardens

However, it would be inequitable, under the facts, to hold Mr. Sinito liable for the three unauthorized transfers described below in *Table 5*. The record gives no indication that Mr. Sinito caused or made these three transfers or that he received the transferred funds. Accordingly, the Tribunal declines to pierce the corporate veil with respect to these three transfers. See e.g., *Greater Kansas City Roofing*, 2 F.3d at 1051 (“Piercing the corporate veil is an equitable action and as such is reserved for situations where some impropriety or injustice is evident.”); *Labadie*, 672 F.2d at 96 (stating that the second prong of the veil piercing test “looks to the basic issue of fairness under the facts”).

Table 5

Date of Transfer:	Amount of Transfer:	Project:
Apr. 28, 2022	\$25,000	Evergreen Estates
Jan. 5, 2023	\$25,000	Evergreen Estates
Apr. 28, 2022	\$25,000	Highland Place

In summary, the Tribunal pierces the corporate veil and holds Mr. Sinito liable for unauthorized transfers in the Hunter’s Run Project, the Oakdale Estates Project, and the Oakdale Estates (Senior) Project, and for the unauthorized transfers described above in *Table 4*. However, the Tribunal declines to pierce the corporate veil to hold Mr. Sinito liable for the three unauthorized transfers described above in *Table 5*, because there is no evidence that he caused the three transfers or received the transferred funds.

E. Conclusion on liability.

Based on the discussion above and on *Summary Judgment*, the Tribunal concludes that the following Respondents are liable for the following violations under 12 U.S.C. § 1735f-15:

1. Millennia, Cherry Estates LP, Cherry Estates Investment, LLC, and Mr. Sinito are jointly and severally liable for ten unauthorized transfers in the Cherry Estates Project;

2. Millennia, Mr. Sinito, Covenant Apartments LP, Covenant Apartments Investment, LLC, and Covenant Project, LLC are jointly and severally liable for one unauthorized transfer in the Covenant House Project;
3. Millennia, Flushing Elmcrest LDHALP, Elmcrest Investment, LLC, and Mr. Sinito are jointly and severally liable for ten unauthorized transfers in the Elmcrest Village Project;
4. Millennia, Hickory Creek Estates, Ltd., and Hickory Creek Estates Investment, LLC are jointly and severally liable for eighteen unauthorized transfers in the Evergreen Estates Project; Mr. Sinito is jointly and severally liable with these Respondents for sixteen unauthorized transfers in the Evergreen Estates Project;
5. Millennia, Highland Place Associates I, Ltd., and Highland Place Investment I, LLC are jointly and severally liable for eleven unauthorized transfers in the Highland Place Project; Mr. Sinito is jointly and severally liable with these Respondents for ten unauthorized transfers in the Highland Place Project;
6. Millennia, Mr. Sinito, and Hunter's Run Investment, LLC are jointly and severally liable for eight unauthorized transfers in the Hunter's Run Project;¹⁴
7. Millennia, Mr. Sinito, International Towers I Ohio, Ltd., International Towers Investment I, LLC, and YMHA Housing Preservation, LLC are jointly and severally liable for two unauthorized transfers in the International Towers Project;
8. Millennia, Mr. Sinito, Kingsbury Tower I, Ltd., and Kingsbury Tower Investment I, LLC are jointly and severally liable for six unauthorized transfers in the Kingsbury Tower and Townhomes Project;
9. Millennia, Mr. Sinito, Morning Star Tower, Ltd., and Morning Star Tower Investment, LLC are jointly and severally liable for twenty-one (21) unauthorized transfers in the Morning Star Tower Project;
10. Millennia, Mr. Sinito, Oakdale Estates Investment, LLC, Oakdale Estates, Ltd., and Oakdale Estates Investment GP, LLC are jointly and severally liable for four unauthorized transfers in the Oakdale Estates Project;
11. Millennia, Mr. Sinito, Oakdale Estates II Investment, LLC, and Oakdale Estates, Ltd. are jointly and severally liable for five unauthorized transfers in the Oakdale Estates (Senior) Project;

¹⁴ On *Summary Judgment*, the Tribunal did not conclude that Halton HR Investors, LLC or Halton Springs Investments, LLC caused or is liable for any of the unauthorized transfers at issue here. At the hearing and in the post-hearing briefing, HUD did not establish that Halton HR Investors, LLC or Halton Springs Investments, LLC is liable for any of the violations.

12. Millennia, Mr. Sinito, Petoskey Riverview LDHALP, and Petoskey Riverview Investment, LLC are jointly and severally liable for four unauthorized transfers in the Riverview Terrace Project;
13. Millennia, Mr. Sinito, Robinson Heights Apartments I, LP, and Robinson Heights Apartments Investment I, LLC are jointly and severally liable for two unauthorized transfers in the Robinson Heights Apartments Project;
14. Millennia, Mr. Sinito, Sherman Thompson OH TC, L.P., and Sherman Thompson Towers Investment, LLC are jointly and severally liable for four unauthorized transfers in the Sherman Thompson Towers Project;
15. Millennia, Mr. Sinito, Bethel Tower LDHALP, and Bethel Tower Investment, LLC are jointly and severally liable for four unauthorized transfers in the St. Antoine Gardens Project; and
16. Millennia, Mr. Sinito, Trail West, Ltd., and Trail West Investment, LLC are jointly and severally liable for six unauthorized transfers in the Trail West Apartments Project.

CIVIL MONEY PENALTY

HUD seeks a total civil money penalty of \$6,821,340 from Respondents for violations of 12 U.S.C. § 1735f-15(c)(1)(B)(ii).

As discussed above, HUD regulations require that the Tribunal consider the following factors to determine the penalty amount:

- (a) The gravity of the offense;
- (b) Any history of prior offenses;
- (c) The ability to pay the penalty, which ability shall be presumed unless specifically raised as an affirmative defense or mitigating factor by the respondent;
- (d) The injury to the public and tenants;
- (e) Any benefits received by the violator;
- (f) The extent of potential benefit to other persons;
- (g) Deterrence of future violations;
- (h) The degree of the violator's culpability; and
- (i) Such other matters as justice may require.

24 C.F.R. § 30.80; see also 12 U.S.C. § 1735f-15(d)(3).

The Tribunal must consider each factor, although not every factor will apply directly to every case. *In re Apex Waukegan, LLC, et al.*, HUDOHA 22-AF-0129-CM-007, at *16 (Nov. 30, 2022). However, a particularly compelling factor may be enough to support the imposition

of a maximum penalty. *In re EGAE, LLC, et al.*, HUDOHA 18-AF-0227-CM-002, at *4 (Jan. 23, 2020).

After considering the penalty factors, the Government elected to pursue the maximum penalties for each violation.¹⁵ In response, Respondents argue that a penalty of 10 percent of the unauthorized transfers, or \$311,152.50, as opposed to a maximum penalty, is appropriate.

A. Gravity of the Offense

Misuse of a project's funds is a serious concern because it constitutes a direct threat to a project's limited resources. See *Partnership for Urban Hous. Dev.*, HUDOHA No. 14-AF-0102-CM-001, at *14. By expending Project funds for unauthorized purposes, Respondents hindered the Projects' ability to pay their bills or otherwise cover their operating expenses. This inherently undermines each Project's financial stability, increasing the risk of default on its HUD-insured loan, which would negatively impact the Project's residents and its insurer, HUD.

The total amount transferred without authorization \$3,111,525 is substantial. Respondents transferred most of the funds to Mr. Sinito's personal accounts or to entities that are unrelated to the transferring Project. Further, the record establishes that Respondents did not use the transferred funds to cover the expenses of the Projects from which they were drawn. Respondents used some of the funds to pay for the expenses of other properties within Mr. Sinito's portfolio. Mr. Sinito used some of the funds to buy the ownership interests of his business partners in certain properties. And Respondents did not provide information about the ultimate disposition of some of the funds.

The volume and nature of the transfers, their destinations, the incomplete information regarding the disposition of the funds, and the absence of approval create a substantial risk for the FHA insurance fund. Respondents' misconduct amounts to a string of serious violations warranting strong sanctions. See *id.*

B. History of Prior Offenses

Respondents have participated in HUD programs for 30 years. No court or tribunal has previously held that Respondents violated any HUD regulations. This factor weighs against the

¹⁵ HUD argues that each violation is subject to a maximum penalty of \$59,316 because HUD filed the sixteen *Complaints* between February 21 and April 10, 2024. However, the maximum penalty that this Tribunal may impose depends on the date that the violation occurred. See *In re Partnership for Urban Hous. Dev., Inc.*, HUDOHA No. 14-AF-0102-CM-001, at *7 (Apr. 28, 2016). In this case, the violations occurred between January 5, 2022, and April 21, 2023. Violations of 12 U.S.C. § 1735f-15(c)(1)(B) that occurred between March 17, 2023, and March 24, 2024, are subject to a maximum penalty of \$59,316. See 24 C.F.R. § 30.45(g) (Feb. 23, 2024); *id.* (Mar. 17, 2023). Violations that occurred between May 26, 2022, and March 16, 2023, are subject to a maximum penalty of \$55,052. See 24 C.F.R. § 30.45(g) (Feb. 15, 2023); *id.* (May 26, 2022). And, violations that occurred between April 15, 2021, and May 25, 2022, are subject to a maximum penalty of \$51,827. See 24 C.F.R. § 30.45(g) (May 26, 2022); *id.* (Apr. 15, 2021).

imposition of the maximum penalty. See Partnership for Urban Hous. Dev., HUDOHA No. 14-AF-0102-CM-001, at *15.

C. Ability to Pay the Penalty

Respondents have the burden to establish that they cannot pay the penalty sought. Apex, HUDOHA 22-AF-0129-CM-007, at *16. A party claiming inability to pay must support that claim with documentary evidence. Grier v. HUD, 418 U.S. App. D.C. 185, 191 (2015) (“An ability to pay is presumed unless a party raises it as an affirmative defense and provides documentary evidence.”).

To support their argument that they cannot pay the maximum penalty sought by HUD, Respondents presented (1) unaudited financial statements for Millennia from 2023 and 2024; (2) audited financial statements for fifteen Respondents from 2023 or earlier; and (3) testimony from Mr. Pico regarding his day-to-day observations of Respondents’ financial health.

Nineteen Respondents, however, did not produce documentation regarding their financial condition. Accordingly, the Tribunal infers that these nineteen Respondents have the ability to pay the penalty sought. See Grier, 418 U.S. App. D.C. at 191.

The Tribunal finds that some of the financial statements submitted by Respondents are not credible because they are unaudited. See In re Entercare, Inc., HUDALJ 01-061-CMP, at *8-9 (Dec. 31, 2002) (finding that a financial report, which was unaudited and not prepared in accordance with generally accepted accounting principles, “could... be inaccurate and misleading”). The purpose of an audit is “to have [an Independent Public Accountant] render a professional opinion on the reliability of the financial statement as an accurate reflection of the project’s condition and performance.” HUD v. Crestwood Terrace Partnership, HUDALJ 00-002-CMP, at *3 (Jan. 30, 2001). Without an audit, the Tribunal finds that the unaudited financial statements submitted by Respondents are not sufficiently reliable.

Most of the Respondents that provided audited financial statements from 2023 had positive real estate equity and cash flow. However, these audited financial statements do not provide a complete picture of each Respondent’s present financial condition. Indeed, Respondents’ witness admitted that these financial statements from 2023 do not describe the present financial condition of these Respondents. Respondents failed to provide other potentially relevant financial information.

Without more recent and more complete evidence of each Respondent’s financial condition, the Tribunal concludes that Respondents have not shown their inability to pay the penalty sought. See Entercare, HUDALJ 01-061-CMP, at *9 (noting that the respondent had the opportunity to provide “a complete statement of its present financial health,” but failed to do so, and finding that its inability to pay was, therefore, not demonstrated). Accordingly, Respondents’ ability to pay is not a mitigating factor.

D. Injury to the Public and Tenants

The record does not reveal whether Respondents' violations actually harmed the Projects' tenants. However, Respondents, as the custodians of the Project funds, have a duty to safeguard them. See Partnership for Urban Hous. Dev., HUDOHA No. 14-AF-0102-CM-001, at *15. Here, Respondents made unauthorized transfers of Project funds to pay for payroll expenses at other properties, to purchase ownership interests, and to cover non-Project mortgages. By using the Project funds on unauthorized expenditures, Respondents failed in their duty to safeguard Project funds and caused injury to the public. The injury to the public is an aggravating factor in the penalty determination. Id.

E. Benefits Received by the Violators

Respondents benefited directly and indirectly from their unauthorized transfers. For example, Mr. Sinito received Project funds through 76 unauthorized transfers and used some of the funds to purchase ownership interests in other properties. In addition, Respondents used some of the transferred Project funds to pay for payroll expenses and mortgages at other Projects in which Mr. Sinito and Millennia had financial interests.

For some of the transfers, Mr. Sinito chose to assert his Fifth Amendment privilege instead of disclosing how Respondents used the funds. Accordingly, the Tribunal infers that Mr. Sinito repurposed those funds for his own benefit. See In re Mantua Gardens East, Inc., HUDALJ No. 12-F-043-CMP-3, 2013 WL 663168, at *13 (Feb. 1, 2013) (inferring that a respondent used funds for his own benefit because he "raised his Fifth Amendment privilege rather than disclose the whereabouts of" funds transferred without authorization).

Respondents do not seriously dispute that they benefited from freely moving Project funds to use as they wished without regard for the constraints imposed by HUD and by 12 U.S.C. § 1735f-15(c)(1)(B)(ii). Though the evidence does not trace the precise route of all the funds, Respondents necessarily enjoyed financial benefits from this misconduct. Accordingly, the Tribunal views this as an aggravating factor in the penalty determination. See Partnership for Urban Hous. Dev., HUDOHA No. 14-AF-0102-CM-001, at *15.

F. Extent of Potential Benefit to Other Persons

As discussed, Respondents used the funds from the unauthorized transfers to pay for the expenses of other properties, including non-Project mortgages and non-Project payroll expenses. The unauthorized transfers benefited the entities that received the funds at the expense of the Projects.

Respondents do not contest that other entities enjoyed financial benefits resulting from Respondents' violations. Therefore, this is an aggravating factor in the penalty determination. See Entericare, HUDALJ 01-061-CMP, at *10.

G. Deterrence of Future Violations

HUD argues that only a substantial penalty can provide deterrence sufficient to protect HUD's interests. The Tribunal agrees with that general principle and agrees that the penalties assessed must be greater than the benefits enjoyed from non-compliance with the law. See Apex, HUDOHA 22-AF-0129-CM-007, at *19. The Tribunal recognizes that Mr. Sinito and Millennia have already been debarred from participating in further government contracts, but the intended deterrent effect of penalties is not limited to the named Respondents. Rather, the imposition of a substantial penalty also signals to other HUD program participants the importance of complying with HUD requirements to ensure the integrity of HUD's housing programs. Considering the circumstances of these unauthorized distributions, the need for deterrence is as an aggravating factor in the penalty determination.

H. Degree of Violators' Culpability

Respondents are culpable for their actions. Respondents did not fulfill their responsibility to safeguard Project funds. They willingly entered into Regulatory Agreements, which expressly limited the conditions under which distributions could occur. Nonetheless, Respondents made transfers that did not comply with the Regulatory Agreements or the statute.

Moreover, Mr. Sinito and Millennia had notice as early as 2021 of the issues with unauthorized distributions of Project funds. Despite previous warnings from HUD and auditors, Mr. Sinito and Millennia continued to engage in the prohibited conduct. Respondents' culpability warrants a substantial penalty.

I. Other Matters as Justice May Require

The parties have not identified any other matters that would aggravate or mitigate the penalty assessment.

CONCLUSION AND ORDER

As discussed above, HUD did not establish that Halton HR Investors, LLC or Halton Springs Investments, LLC is liable for any of the unauthorized transfers at issue. Moreover, HUD is not seeking penalties against Trail West Housing Partners, Inc. or HWFB HR Investment, LLC. Accordingly, Halton HR Investors, LLC, Halton Springs Investments, LLC, Trail West Housing Partners, Inc., and HWFB HR Investment, LLC, are hereby **DISMISSED** as Respondents in this matter.

The remaining Respondents transferred Project funds without HUD's prior written approval, in violation of 12 U.S.C. § 1735f-15(c)(1)(B)(ii). Respondents' misconduct warrants the imposition of civil money penalties.

In determining the penalty to impose, the Tribunal considered the factors set forth at 24 C.F.R. § 30.80. Here, the "gravity of the offense" factor and the "degree of the violators' culpability" factor are strong aggravating factors. The "injury to the public" factor, the "benefits

received by the violators” factor, the “extent of potential benefit to other persons” factor, and the “deterrence of future violations” factor are aggravating factors. The sole mitigating factor is the “history of prior offenses” factor.

The Tribunal also considered the maximum penalty that it may impose for each violation¹⁶ and the relevant precedent. This Tribunal concludes, based on precedent, that the appropriate penalty is eighty-five percent (85%) of the maximum penalty. See e.g., Partnership for Urban Hous. Dev., HUDOHA No. 14-AF-0102-CM-001, at *14-17 (imposing 75% of the maximum penalty when there was one a strong aggravating factor, four minor aggravating factors, and one strong mitigating factor); In re Mantua Gardens East, Inc., HUDALJ No. 12-F-043-CMP-3, at *8 (May 28, 2013) (Secretarial review) (imposing the maximum penalty when there were several strong aggravating factors and one mitigating factor), pet. for review denied, 797 F.3d 1049 (D.C. Cir. 2015).

Accordingly, the Tribunal imposes the following civil money penalties.

1. For ten unauthorized transfers, totaling \$169,000, in the Cherry Estates Project, the Tribunal imposes civil money penalties of \$470,591, for which Millennia, Cherry Estates LP, Cherry Estates Investment, LLC, and Mr. Sinito are jointly and severally liable.
2. For one unauthorized transfer of \$50,000 in the Covenant House Project, the Tribunal imposes a civil money penalty of \$46,794, for which Millennia, Mr. Sinito, Covenant Apartments LP, Covenant Apartments Investment, LLC, and Covenant Project, LLC are jointly and severally liable.
3. For ten unauthorized transfers, totaling \$191,025, in the Elmcrest Village Project, the Tribunal imposes civil money penalties of \$475,191, for which Millennia, Flushing Elmcrest LDHALP, Elmcrest Investment, LLC, and Mr. Sinito are jointly and severally liable.
4. For sixteen unauthorized transfers, totaling \$317,800, in the Evergreen Estates Project, the Tribunal imposes civil money penalties of \$744,108, for which Millennia, Hickory Creek Estates, Ltd., Hickory Creek Estates Investment, LLC, and Mr. Sinito are jointly and severally liable.
5. For two other unauthorized transfers, totaling \$50,000, in the Evergreen Estates Project, the Tribunal imposes civil money penalties of \$90,847, for which Millennia, Hickory Creek Estates, Ltd., and Hickory Creek Estates Investment, LLC are jointly and severally liable.
6. For ten unauthorized transfers, totaling \$376,000, in the Highland Place Project, the Tribunal imposes civil money penalties of \$466,967, for which Millennia, Highland

¹⁶ As discussed above, the maximum penalty that the Tribunal may impose depends on the date that the violation occurred.

Place Associates I, Ltd., Highland Place Investment I, LLC, and Mr. Sinito are jointly and severally liable.

7. For one other unauthorized transfer of \$25,000 in the Highland Place Project, the Tribunal imposes a civil money penalty of \$44,053, for which Millennia, Highland Place Associates I, Ltd., and Highland Place Investment I, LLC are jointly and severally liable.
8. For eight unauthorized transfers, totaling \$187,000, in the Hunter's Run Project, the Tribunal imposes civil money penalties of \$385,227, for which Millennia, Mr. Sinito, and Hunter's Run Investment, LLC are jointly and severally liable.
9. For two unauthorized transfers, totaling \$77,000, in the International Towers Project, the Tribunal imposes civil money penalties of \$88,106, for which Millennia, Mr. Sinito, International Towers I Ohio, Ltd., International Towers Investment I, LLC, and YMHA Housing Preservation, LLC are jointly and severally liable.
10. For six unauthorized transfers, totaling \$113,000, in the Kingsbury Tower and Townhomes Project, the Tribunal imposes civil money penalties of \$282,532, for which Millennia, Kingsbury Tower I, Ltd., Kingsbury Tower Investment I, LLC, and Mr. Sinito are jointly and severally liable.
11. For twenty-one (21) unauthorized transfers, totaling \$930,700, in the Morning Star Tower Project, the Tribunal imposes civil money penalties of \$993,460, for which Millennia, Morning Star Tower, Ltd., Morning Star Tower Investment, LLC, and Mr. Sinito are jointly and severally liable.
12. For four unauthorized transfers, totaling \$50,000, in the Oakdale Estates Project, the Tribunal imposes civil money penalties of \$188,943, for which Millennia, Mr. Sinito, Oakdale Estates Investment, LLC, Oakdale Estates, Ltd., and Oakdale Estates Investment GP, LLC are jointly and severally liable.
13. For five unauthorized transfers, totaling \$81,000, in the Oakdale Estates (Senior) Project, the Tribunal imposes civil money penalties of \$244,844, for which Millennia, Mr. Sinito, Oakdale Estates II Investment, LLC, and Oakdale Estates, Ltd. are jointly and severally liable.
14. For four unauthorized transfers, totaling \$105,000, in the Riverview Terrace Project, the Tribunal imposes civil money penalties of \$184,436, for which Millennia, Petoskey Riverview LDHALP, Petoskey Riverview Investment, LLC, and Mr. Sinito are jointly and severally liable.
15. For two unauthorized transfers, totaling \$30,000, in the Robinson Heights Apartments Project, the Tribunal imposes civil money penalties of \$90,847, for which Millennia, Mr. Sinito, Robinson Heights Apartments I, LP, and Robinson Heights Apartments Investment I, LLC are jointly and severally liable.

16. For four unauthorized transfers, totaling \$56,000, in the Sherman Thompson Towers Project, the Tribunal imposes civil money penalties of \$190,801, for which Millennia, Sherman Thompson OH TC, L.P., Sherman Thompson Towers Investment, LLC, and Mr. Sinito are jointly and severally liable.
17. For four unauthorized transfers, totaling \$52,000, in the St. Antoine Gardens Project, the Tribunal imposes civil money penalties of \$194,425, for which Millennia, Bethel Tower LDHALP, Bethel Tower Investment, LLC, and Mr. Sinito are jointly and severally liable.
18. For six unauthorized transfers, totaling \$251,000, in the Trail West Apartments Project, the Tribunal imposes civil money penalties of \$292,522, for which Millennia, Mr. Sinito, Trail West, Ltd., and Trail West Investment, LLC are jointly and severally liable.

These penalties, totaling \$5,474,694, are immediately due and payable by Respondents without further proceedings, except as described below. Respondents may not use Project income to pay these penalties. 12 U.S.C. § 17351-15(d)(5).

So **ORDERED**,



Digitally signed by:
ALEXANDER
FERNANDEZ-PONS
Date: 2026.04.09 14:34:
56 -04'00'

Alexander Fernández-Pons
Administrative Law Judge

Attachment:
Order on Motions for Summary Judgment

Notice of appeal rights. The appeal procedure is set forth in detail in 24 C.F.R. §§ 26.50 and 26.52. Any party may appeal this *Initial Decision and Order* to the Secretary of HUD by petition for review. The Secretary must receive any petition for review within 30 days after the date of this *Initial Decision and Order*. An appeal petition must include a written brief, not to exceed 15 pages, specifically identifying the party's objections to the *Initial Decision and Order* and the party's supporting reasons for those objections. The Secretary must receive any statement in opposition to a petition for review within 20 days after service of the petition. The opposing party may submit a brief, not to exceed 15 pages, specifically stating the opposing party's reasons for supporting the Administrative Law Judge's determination, or for objecting to any part of the Administrative Law Judge's determination.

Service of appeal documents. A petition for review or a statement in opposition thereto must be served upon the Secretary by mail, facsimile, or electronic means at the following:

U.S. Department of Housing and Urban Development
Attention: Secretarial Review Clerk

451 7th Street, S.W., Room 2130
Washington, DC 20410
Facsimile: (202) 485-9475
Scanned electronic document: secretarialreview@hud.gov

Copies of appeal documents. Copies of any Petition for Review or statement in opposition shall also be served on the opposing party(s), and on the HUD Office of Hearings and Appeals.

Finality of decision. The agency decision becomes final as indicated in 24 C.F.R. § 26.50.

Judicial review of final decision. After exhausting all available administrative remedies, any party adversely affected by a final decision may seek judicial review of that decision in a United States Court of Appeals. A party must file a written petition in that court within 20 days of the issuance of the Secretary's final decision.