

UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF ADMINISTRATIVE LAW JUDGE

.....  
In the Matter of

JOHN M. TINSLEY	HUDALJ 88-1245-DB
SOUND INVESTMENT & MORTGAGE, INC.	
WASHINGTON EVERGREEN INVESTMENT, INC.	
CASCADE INVESTMENT, INC.	
PRECISE BUSINESS GROUP	
GLORIA J. TINSLEY	HUDALJ 88-1246-DB
RANDY R. TINSLEY	HUDALJ 88-1247-DB
JOHN J. TINSLEY	HUDALJ 88-1248-DB
KENDRA K. TINSLEY	HUDALJ 88-1249-DB

Respondents  
.....

Harry Robinson, Esquire  
For the Respondents

William Johncox, Esquire  
For the Department

Before: ALAN W. HEIFETZ  
Administrative Law Judge

DETERMINATION

By letters dated April 22, 1988, Thomas T. Demery, the Assistant Secretary for Housing, Federal Housing Commissioner, on behalf of the Department of Housing and Urban Development ("the Department" or "HUD"), notified Respondents that pending resolution of the subject matter of the indictment against them, and any legal or debarment proceedings which may ensue, they and their affiliates were suspended from all participation, direct or indirect, in any HUD program, including any program funded, guaranteed or insured by HUD. Although Respondents requested a hearing on the suspensions, they failed to respond to the Government's brief or an Order to Show Cause, issued on July 29, 1988. Consequently, they have consented to this summary determination.

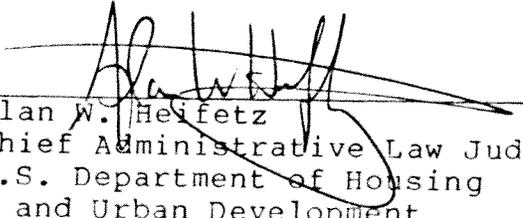
The suspension was based on the Respondents' indictment, by a Federal Grand Jury convened by the United States Court for the Western District of Washington at Tacoma, which sets forth 25 counts charging the individual Respondents with conspiracy to commit equity skimming and mail fraud, and aiding and abetting each other in violation of 12 U.S.C. § 709-2, and 18 U.S.C. § 1341, 371 and 2.

The indictment alleges that during the time period from November 1983, to on or about June 1987, John M. Tinsley assisted and aided by Respondents Randy R. Tinsley, Gloria J. Tinsley, Kendra K. Tinsley and John J. Tinsley acquired various residential properties in Tacoma Washington, and Pierce County, Washington, by using four Respondent business entities: Sound Investment and Mortgage, Inc.; Washington Evergreen Investment, Inc.; Cascade Investment, Inc.; and Precise Business Group.

The indictment charges that the Respondents knowingly and unlawfully entered into a conspiracy to violate the laws of the United States by devising a scheme to defraud and obtain money and property by false and fraudulent means and using the United States mails in execution of the scheme. It further charges that Respondents willfully engaged in, with intent to defraud, a pattern and practice of purchasing family dwellings, subject to loans insured by HUD or guaranteed by the Veterans Administration ("VA") which were in default within one year of purchase, failing to make loan payments when due, and applying the rents from such dwellings for their own use.

Respondents are "participants" as defined in 24 C.F.R. § 24.4(6), and their indictment constitutes adequate evidence for their suspension, as provided in 24 C.F.R. § 24.18(b). The acts charged by the indictment are serious and flagrant, and bear directly on Respondents' honesty, integrity and responsibility.

Under the circumstances, and in the absence of any defense or mitigating circumstances, I conclude and determine that Respondents' suspensions are based on adequate cause, are in the public interest and should be sustained.



Alan W. Heifetz  
Chief Administrative Law Judge  
U.S. Department of Housing  
and Urban Development  
451 7th Street, S. W., Rm. 2156  
Washington, D.C. 20410

Dated: August 15, 1988