



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-0500

OFFICE OF GENERAL COUNSEL
DEPARTMENTAL ENFORCEMENT CENTER

VIA FEDERAL EXPRESS

Frank T. Sinito
Millennia Housing Management Ltd [REDACTED]
Millennia Housing Management, Ltd. [REDACTED]
[REDACTED]

Re: Notice of Suspension and Proposed Debarment of Frank T. Sinito and Millennia Housing Management, Ltd.

Dear Mr. Sinito:

The Department of Housing and Urban Development (HUD) hereby suspends, and proposes the debarment of, you, Frank T. Sinito, and of two companies you own or control, Millennia Housing Management Ltd and Millennia Housing Management, Ltd. (collectively "Millennia Management") (you and these companies are herein, collectively, "you"), from future participation in procurement and nonprocurement transactions as participants or principals with HUD and throughout the Executive Branch of the Federal Government, for a five year period from the date of this letter. This action is in accordance with the procedures set forth at Title 2, C.F.R., Parts 180 and 2424. Copies of the regulatory provisions cited herein may be found on the U.S. Government Publishing Office's website at www.govinfo.gov.

The regulations governing suspension and debarment apply to you because you have been, are, and may reasonably be expected to be a participant or principal in a covered transaction, either with a Federal agency or with a participant in such a transaction. *See* 2 C.F.R. §§ 180.120(a), 180.150, 180.200. Specifically, Mr. Sinito has an ownership interest, directly or indirectly, in over two hundred multifamily properties insured and/or subsidized by the Federal Housing Administration (FHA) and subject to the HUD Regulatory Agreement for Multifamily Projects (Regulatory Agreement).¹ Moreover, Mr. Sinito, based on his ownership interest in multifamily affordable housing properties, has entered into multiple Section 8 project-based housing assistance payment (HAP) subsidy contracts with HUD. Millennia Management manages FHA-insured properties—and other properties regulated by HUD—for Mr. Sinito and for other owners. Mr. Sinito is a "principal" of Millennia Management. *See* § 180.995(a) ("principal" means, among other things, an "officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction"). Millennia Management's improper conduct is imputed to Mr. Sinito because he participated in and

¹ The current version of this Regulatory Agreement is form HUD-92466M. Some of the properties described in this Notice are subject to previous versions of HUD Regulatory Agreement, but the requirements described herein are substantially the same in all relevant versions of the Regulatory Agreement.

had knowledge of or reason to know of the improper conduct. Likewise, Mr. Sinito's improper conduct is imputed to Millenia Management because the entities participated in the improper conduct and had knowledge of or had reason to know of the improper conduct. See 2 C.F.R. § 180.630(b).

As noted above, you own, directly or indirectly control, and/or manage over two hundred multifamily housing properties around the country, many of which are subject to Regulatory Agreements, each of which is a "public agreement" for purposes of § 180.800(b). The requirements discussed below are not only terms of those public agreements; they are also regulatory requirements for purposes of § 180.800(b)(3). You have violated these requirements both with respect to unauthorized transfers and underfunded security deposit accounts. Nearly \$4.9 million is missing or was improperly taken from 19 HUD-insured or HUD-subsidized properties.² Violations of these requirements jeopardize the financial health of the properties, jeopardize the housing stability of the tenant families, and increase the risk of a default to HUD. Your misconduct is so serious and compelling as to affect your present responsibility. See § 180.800(d).

First, under the terms of those Regulatory Agreements, any funds collected as security deposits "shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account." These requirements are based on HUD regulations. See 24 C.F.R. §§ 880.608, 881.601, 883.701, 884.115, 886.116, 886.315, 891.435, 891.635, 891.775. The HAP contracts applicable to some of these properties also expressly and specifically require compliance with these regulations.

The tenant security deposit accounts for fourteen (14) HUD-insured or HUD-subsidized properties were materially underfunded as of April 30, 2023, in the total amount of \$405,229.16, as summarized in this table:

IREMS Number	Property Name	Liability	Funded	Underfunded Amount
800009975	Canterbury Gardens	\$32,379.00	\$3,548.45	\$28,830.55
800016382	Cedar Woods	\$20,637.00	\$7,490.07	\$13,146.93
800016456	Covenant House	\$11,327.00	\$1,521.44	\$9,805.56
800010084	Elmcrest Village	\$43,955.00	\$3,780.91	\$40,174.09
800017102	Evergreen Estates	\$12,421.00	\$11,716.46	\$704.54
800016691	Highland Place	\$24,705.00	\$11,874.97	\$12,830.03
800242177	Hunters Run Apartments	\$59,350.50	\$17,949.72	\$41,400.78
800016738	International Towers	\$30,868.00	\$11,815.89	\$19,052.11
800016654	Morning Star Towers	\$42,194.50	\$14,090.38	\$28,104.12
800010515	Riverview Terrace	\$23,946.50	\$11,502.38	\$12,444.12
800017255	Sherman-Thompson Towers	\$43,542.50	\$23,199.83	\$20,342.67

² The 19 identified properties represent a sample review of the Millenia portfolio. HUD has reason to suspect that the problems identified in this Notice exist in other properties. HUD is in the process of attempting to identify all HUD-insured and/or subsidized properties with missing funds.

800009925	St Antoine Gardens	\$36,860.79	\$10,469.50	\$26,391.29
800017262	Villages at Franklin Crossing	\$157,990.68	\$13,363.07	\$144,627.61
800017491	Whispering Hills	\$10,746.00	\$3,371.24	\$7,374.76
Total Underfunding				\$405,229.16

Second, the Regulatory Agreements also prescribe the timing and amount of distributions to owners, limiting such distributions to either a percentage of initial equity or available surplus cash. Distributions, or advances, made when a property is not in a surplus cash position are not permitted. These requirements are also based on HUD regulations. See 24 C.F.R. §§ 880.205, 881.205, 883.306.

The following sixteen (16) properties had unauthorized distributions or loans from January 1, 2022, to April 30, 2023. There was a total of 147 improper distributions/loans in the amount of \$4,578,671. The total amount of unauthorized distributions or loans for each of the properties is listed in the following table:

IREMS Number	Property Name	Amount
800016382	Cedar Woods	\$397,000
800016409	Cherry Estates	\$195,000
800016456	Covenant House	\$80,000
800010084	Elmcrest Village	\$857,787
800017102	Evergreen Estates	\$367,800
800016691	Highland Place	\$401,000
800242177	Hunters Run Apartments	\$243,384
800016738	International Towers	\$77,000
800016444	Kingsbury Tower	\$113,000
800016654	Morning Star Towers	\$930,700
800016516	Oakdale Estates	\$50,000
800016626	Oakdale Estates Senior	\$81,000
800010515	Riverview Terrace	\$280,000
800017255	Sherman-Thompson Towers	\$56,000
800009925	St Antoine Gardens	\$198,000
800016412	Trail West Apartments	\$251,000
Total Potential Unauthorized Distributions		\$4,578,671

The underfunding of security deposits and unauthorized distributions were, in each case,³ a willful failure to perform in accordance with the terms of applicable Regulatory Agreements and/or

³ In correspondence with HUD, you have acknowledged applicable distribution restrictions on 20 properties, including some of those identified here; you also acknowledged the present underfunded status of security deposit accounts on 23 properties, including some of those identified here. Some properties were subject to multiple contractual prohibitions.

HAP contracts and a willful violation of the regulatory provisions cited above that apply to those agreements.

Your misconduct affects the integrity of HUD's multifamily programs because it jeopardizes the financial viability of the projects. The mismanagement of your properties risks the housing stability, and housing quality, of those tenant families. For these reasons, you are not presently responsible to enter into public agreements or transactions and are subject to debarment.

You are also suspended because, as discussed above, there is adequate evidence to suspect that there exists cause for your debarment under §§ 180.800(b)(1), (b)(2), (b)(3), and (d). *See* § 180.700(b). Under § 180.800(b)(1), a federal agency may debar a person for the violation of the terms of a public agreement or transaction "so serious as to affect the integrity of an agency program," including a "willful failure to perform in accordance with the terms of one or more public agreements or transactions;" or a "willful violation of a statutory or regulatory provision or requirement applicable to a public agreement or transaction." § 180.800(b)(1), (b)(3). Pursuant to §180.800(b)(2), a federal agency may debar a person for a "history of failure to perform or of unsatisfactory performance of one or more public agreements or transactions." Debarment may also be based on "[a]ny other cause of so serious or compelling a nature that it affects your present responsibility." § 180.800(d). The ongoing nature and scale of your misconduct and the financial impact on the tenants that you serve requires HUD to suspend you immediately to protect the public interest. Moreover, HUD has on at least two occasions, most recently on November 28, 2023, demanding repayment of these funds to their respective accounts. You have failed to repay these accounts and you claimed that you currently lack the ability to repay the project funds, which further demonstrates your continuing risk to HUD and the immediate need for your suspension. Your suspension lasts until the conclusion of these debarment proceedings. *See* § 180.760(a).

If you decide to contest this Notice of Suspension and Proposed Debarment, you may submit a written argument and request a hearing. Pursuant to 2 C.F.R. §§ 180.730 and 180.825, your written submission must identify: 1) specific facts that contradict the statements contained in this Notice of Suspension and Proposed Debarment (a general denial is insufficient to raise a genuine dispute over facts material to the suspension); 2) all existing, proposed, or prior exclusions against you under regulations implementing Executive Order 12549 and all similar actions taken by Federal, State, or local agencies, including administrative agreements that affect only those agencies; 3) all criminal and civil proceedings against you not included in this Notice of Suspension and Proposed Debarment that grew out of the facts relevant to the cause(s) stated in this Notice; and 4) all of your affiliates as defined by 2 C.F.R. § 180.905. If you provide false information, the Department may seek further criminal, civil or administrative action against you as appropriate.

Please be advised that contesting a suspension does not stay the suspension. While contesting the suspension, you are prohibited from participating in any nonprocurement or procurement transaction with the Federal Government as identified above.

Your written opposition and hearing request must be submitted within 30 days of your receipt of this Notice. Your response **MUST** be in the form of an E-Mail directed to Camille

Campbell, Departmental Enforcement Center, U.S. Department of Housing and Urban Development at the following email address: DEC-Docket@HUD.gov.

The final decision regarding this Notice of Suspension and Proposed Debarment will be based upon evidence/information, including any written information and/or argument that both you and the Government may submit in this matter. If you fail to respond to this Notice within the 30-day period, your suspension and proposed debarment will become final. When this matter is referred to a Hearing Officer for a formal hearing, this notice of administrative action shall also serve as a complaint, in compliance with 24 C.F.R. § 26.13(a), (b) and (c).

Sincerely,

MARK BORUM

Digitally signed by MARK BORUM
DN: CN = MARK BORUM C = US O = U.S. Government
OU = Department of Housing and Urban Development,
Office of General Counsel
Date: 2022.12.14 14:25:43 -0500

Mark G. Borum
Acting Director
Departmental Enforcement Center