1:22-cv-3561-AT SEALED

Lindsey Meredith Siegel
Atlanta Legal Aid Society, Inc.-Atl
54 Ellis St., NE
Atlanta, GA 30303-2403

Other Orders/Judgments

1:22-cv-03561-AT *SEALED*
United States of American ex rel.
et al v. Muses Partners, LLC et al

4months,ATLC1,SUBMDJ

U.S. District Court

Northern District of Georgia

Notice of Electronic Filing

The following transaction was entered on 12/5/2022 at 2:07 PM EST and filed on 12/5/2022

Case Name: United States of American ex rel. et al v. Muses Partners, LLC et al
Case Number: 1:22-cv-03561-AT *SEALED*
Filer:
Document Number: 9

Docket Text:
ORDER finding Plaintiffs Complaint passes frivolity review at this time. Plaintiffs claims are ALLOWED TO PROCEED. Signed by Judge Amy Totenberg on 12/5/2022. (dob)

1:22-cv-03561-AT *SEALED* No electronic public notice will be sent because the case/entry is sealed.

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:n/a
Electronic document Stamp:
[STAMP dcecfStamp_ID=1060868753 [Date=12/5/2022] [FileNumber=12937126-0] [0c051ed573fc11209eacc72d05ed586b5df08cf7075dffd0f4f18304a54563f0ec6e10e722b0dcb3b8379e752e6ee3898d84f6f0db1db562719626679885ee1e]]

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA *ex rel.* MATTHEW WILLIAMS, and MATTHEW WILLIAMS, Relator/Plaintiffs, v. MUSES PARTNERS, LLC, ADERHOLD PROPERTIES, INC., and CORO MUSE TIC, LLC, Defendants.	:	CIVIL ACTION NO. 1:22-cv-3561-AT

ORDER

This case concerns a Housing Choice Voucher recipient's claim that the Defendant property managers intentionally and fraudulently collected excess rent from him in violation of the False Claims Act ("FCA"), 31 U.S.C. § 3729, and various state legal provisions. On September 2, 2022, the voucher recipient, Matthew Williams, sought leave to proceed *in forma pauperis* in this action. [Doc. 1.] The Magistrate Judge granted Mr. William's request on September 13, 2022. [Doc. 3.] Therefore, this matter is before the Court on a review pursuant to 28 U.S.C. § 1915(e)(2).

I. Background[1]

Mr. Williams is a low-income individual with disabilities who participates in the federally funded Housing Choice Voucher Program (formerly known as "Section 8") that assists low-income families in obtaining affordable housing. Using a housing choice voucher, Mr. Williams leased an apartment from Defendants Muses Partners, LLC and Aderhold Properties, Inc.[2] for three and a half years between 2018 and 2021. Mr. Williams paid a portion of his rent himself while the Atlanta Housing Authority (the "AHA"), i.e., the local public agency that administered his voucher, paid the remaining portion of his rent using federal housing assistance payment funds.[3]

In order to offer housing through the federal Housing Choice Voucher Program, Defendants were required to enter into two contracts – one with the AHA (the "AHA contract") and one with Mr. Williams ("Mr. William's lease"). *See* 24 C.F.R § 982.1; 24 C.F.R. § 982.308. In the AHA contract, Defendants and the AHA agreed upon the amount of rent Mr. Williams would be charged, the portion of Mr.

---

[1] Although the Court is not required to accept the truth of a plaintiff's allegations when conducting a frivolity review pursuant to 28 U.S.C. § 1915(e)(2), *Denton v. Hernandez*, 504 U.S. 25, 32 (1992), the Court here summarizes the factual allegations made in Plaintiffs' Complaint.

[2] Mr. Williams alleges that Defendant Coro Muse TIC, LLC is the current owner of the property and that Defendants Muses Partners, LLC and Aderhold Properties, Inc. were the previous owner and manager of the property. In this Order, the Court will refer to the Defendants collectively as Defendants, although it recognizes that some of the earlier alleged conduct did not involve Defendant Coro Muse TIC, LLC.

[3] As explained on the U.S. Department of Housing and Urban Development's website, "[h]ousing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program." https://www.hud.gov/topics/housing_choice_voucher_program_section_8 (last accessed December 5, 2022). The AHA is the local PHA in Atlanta, Georgia.

Williams' rent that would be paid by the AHA, and which additional fees and utilities Mr. Williams could be charged by Defendants.

Mr. Williams alleges that, although the AHA only authorized Defendants to collect $1650 per month in rent from him and the AHA collectively, Defendants collected more than $1650 per month starting in May 2019 without the AHA's prior written approval. Additionally, Mr. Williams alleges that Defendants imposed monthly fees for the following services although the fees were not contemplated in or authorized by his lease with Defendants or the AHA contract: valet trash, community management, and general service.

Under the AHA contract, Defendants were authorized to collect the following rent from Mr. Williams and the AHA per month.

	AHA	Mr. Williams	Total
April 2018 – March 2019	$1,527	$123	$1,650
April 2019 – March 2020	$1,527	$123	$1,650
April 2020 – April 2021	$1,527	$123	$1,650
May 2021 – October 2021	$1,509	$141	$1,650

Mr. Williams alleges that despite the clear limitations regarding authorized rent payment specified in the AHA contract, Defendants collected excess rent from him beginning in May 2019. Between May 2019 and March 2020, Defendants allegedly charged Mr. Williams $1700 per month for rent, $15 per month for valet trash service, and $14 per month for community management fees. Between April 2020 and March 2021, Defendants allegedly charged Mr. Williams $1768 per month in rent and the same fees. Between April 2021 and October 2021, Defendants

allegedly charged Mr. Williams $1802 per month in rent and the same fees. Mr. Williams paid the rent amounts over $1650 out of pocket.

Around March 2021, Mr. Williams complained to an employee of Defendants about the amount of rent and the additional fees he was being charged. Thereafter, on March 29, 2021, the landlord notified Mr. Williams that his lease was being terminated effective June 30, 2021 because the AHA would not allow the Defendants to charge the amounts they wanted. Mr. Williams remained in his home until October 2021. The AHA and Mr. Williams continued to pay Defendants rent until then.

On September 2, 2022, Mr. Williams filed this lawsuit against Defendants seeking to hold them liable for violating the False Claims Act, breach of contract, illegal water billing, breach of Georgia's Security Deposit Act, unjust enrichment, breach of Georgia's Fair Business Practices Act, and breach of Georgia's Unfair or Deceptive Practices Toward the Elderly Act.

II. Standard of Review

Under 28 U.S.C. § 1915(e)(2), a federal court must dismiss an action if it (1) is frivolous or malicious, or (2) fails to state a claim upon which relief may be granted. The purpose of Section 1915(e)(2) is "to discourage the filing of, and waste of judicial and private resources upon, baseless lawsuits that paying litigants generally do not initiate because of the costs of bringing suit and because of the threat of sanctions for bringing vexatious suits under Federal Rule of Civil Procedure 11." *Neitzke v. Williams*, 490 U.S. 319, 327 (1989). A dismissal pursuant

to Section 1915(e)(2) may be made *sua sponte* by the Court prior to the issuance of process, so as to spare prospective defendants the inconvenience and expense of answering frivolous complaints. *Id.* at 324.

A claim is frivolous "where it lacks an arguable basis either in law or in fact." *Id.* at 325. In other words, a complaint is frivolous when it "has little or no chance of success" — for example, when it appears "from the face of the complaint that the factual allegations are clearly baseless[,] the legal theories are indisputably meritless," or "seeks to enforce a right that clearly does not exist." *Carroll v. Gross*, 984 F.2d 392, 393 (11th Cir. 1993) (internal quotations omitted); *see also Neitzke*, 490 U.S. at 327. In the context of a frivolity determination, the Court's authority to "'pierce the veil of the complaint's factual allegations' means that a court is not bound, as it usually is when making a determination based solely on the pleadings, to accept without question the truth of the plaintiff's allegations." *Denton v. Hernandez*, 504 U.S. 25, 32 (1992) (quoting *Neitzke*, 490 U.S. at 325).

A complaint fails to state a claim when it does not include "enough factual matter (taken as true)" to "give the defendant fair notice of what the . . . claim is and the grounds upon which it rests." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555–56 (2007) (noting that "[f]actual allegations must be enough to raise a right to relief above the speculative level," and a complaint "must contain something more . . . than . . . statement of facts that merely creates a suspicion [of] a legally cognizable right of action"); *see also Ashcroft v. Iqbal*, 556 U.S. 662, 680–85 (2009); *Oxford Asset Mgmt. v. Jaharis*, 297 F.3d 1182, 1187–88 (11th Cir.

2002) (stating that "conclusory allegations, unwarranted deductions of facts[,] or legal conclusions masquerading as facts will not prevent dismissal"). While the Federal Rules do not require specific facts to be pled for every element of a claim or that claims be pled with precision, "it is still necessary that a complaint 'contain either direct or inferential allegations respecting all the material elements necessary to sustain a recovery under some viable legal theory.'" *Fin. Sec. Assurance, Inc. v. Stephens, Inc.*, 500 F.3d 1276, 1282–83 (11th Cir. 2007). A plaintiff is required to present "more than an unadorned, the-defendant-unlawfully-harmed-me accusation" and "'naked assertion[s]' devoid of 'further factual enhancement'" do not suffice. *Iqbal*, 556 U.S. at 678 (quoting *Twombly*, 550 U.S. at 555).

III. Discussion

With the 28 U.S.C. § 1915(e)(2) standard of review in mind and after combing through the allegations in Mr. Williams' and the United States' (through Mr. Williams) Complaint, the Court finds that there are sufficient factual allegations at the frivolity review stage to reasonably find that Plaintiffs have alleged sufficient specific facts and legal grounds to properly assert viable claims that Defendants committed each state law violation alleged. These include: Plaintiffs' claims in Count 2 for breach of contract; Count 3 for illegal water billing; Count 4 for breach of Georgia's Security Deposit Act; Count 5 for unjust enrichment; Count 6 for breach of Georgia's Fair Business Practices Act; and Count 7 for breach of Georgia's Unfair or Deceptive Practices Toward the Elderly Act.

Additionally, the Court finds that Plaintiffs have presented sufficient factual allegations to create a reasonable inference that Defendants violated the False Claims Act by allegedly intentionally and knowingly presenting false claims for subsidized rent payment to the United States' government and knowingly breaching the express and clear payment rules laid out in the AHA contract and Mr. Williams' lease, in violation of 24 C.F.R. § 982.451. *See* 24 C.F.R. § 982.451(b)(4)(ii) ("The owner may not demand or accept any rent payment from the tenant in excess of this maximum, and must immediately return any excess rent payment to the tenant."). Plaintiffs allege that: Defendants repeatedly increased Mr. Williams rent without notifying or gaining prior approval from the AHA as expressly required by the AHA contract and 24 C.F.R. § 982.308(g); that Defendants improperly charged Mr. Williams over $4500 more than he owed over the course of three years; and that when Mr. Williams complained about paying too much in contravention of the AHA approved lease terms, Defendants quickly terminated Mr. Williams' lease. Plaintiffs also allege that Defendants' ongoing actions show willful misconduct, malice, fraud, wantonness, oppression, and an entire want of care.

Therefore, at the frivolity review stage, the Court finds that the factual allegations in Plaintiffs' Complaint are not clearly "baseless" nor are the legal

theories "indisputably meritless." *Carroll*, 984 F.2d at 393. Finally, the Complaint does not seek "to enforce a right that clearly does not exist." *Id.*[4]

IV. Conclusion

Mr. Williams has set forth sufficient factual and legal grounds to assert cognizable claims for relief. The Court thus finds that Plaintiffs' Complaint passes frivolity review at this time. Plaintiffs' claims are **ALLOWED TO PROCEED.**

IT IS SO ORDERED this 5th day of December, 2022.

Honorable Amy Totenberg
United States District Judge

[4] As Plaintiff and Relator Mr. Williams' FCA claim focuses on Defendants' alleged unlawful and fraudulent handling of payments in connection with the provisions of federal law and the AHA and lease contracts, counsel might be able to provide a fuller picture of this claim by amending the Complaint to add additional factual allegations that describe whether Defendants' alleged conduct extended beyond Mr. Williams to other Section 8 tenants.