

DISTRICT COURT, ADAMS COUNTY, COLORADO  
1100 Judicial Center Drive  
Brighton, CO 80601

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CASE NUMBER: 2018CV32096

**Plaintiff:**

BOARD OF COUNTY COMMISSIONERS OF  
ADAMS COUNTY,

v.

**Defendant:**

ARISING HOPE, a Colorado non-profit corporation,  
and ANGELA MCMAHAN, individually.

ADAMS COUNTY ATTORNEY'S OFFICE

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**▲ COURT USE ONLY ▲**

Case Number:

Division:

**COMPLAINT**

Plaintiff, the Board of County Commissioners of Adams County ("Adams County"), by and through the undersigned counsel, alleges the following against Defendants Arising Hope and Angela McMahan as follows:

**Introduction**

1. This Complaint arises out of a subgrantee agreement between Adams County and Arising Hope and Angela McMahan wherein Adams County granted Arising Hope and Angela McMahan funds to acquire and run a domestic violence shelter in Adams County, Colorado for

the benefit of the citizens of Adams County, Colorado. These funds were granted to Adams County through the federal Community Development Block Grant ("CDBG") program which is run by the Housing and Urban Development ("HUD") agency of the federal government.

### **Parties**

2. Plaintiff Board of County Commissioners of Adams County, a subdivision of the State of Colorado, is a body corporate and politic in the State of Colorado empowered to sue and be sued.

3. Defendant Arising Hope ("Arising Hope") is a non-profit 501(c)(3) corporation registered in the State of Colorado.

4. Defendant Angela McMahan was at all times and still is the President and CEO of Arising Hope and based upon information and belief is a resident of Adams County.

### **Jurisdiction and Venue**

5. This Court has subject matter jurisdiction because the events complained of occurred in Adams County, Colorado, the amount at issue is over \$15,000 and the resolution of this dispute requires the application of Colorado law.

6. Venue is proper pursuant to C.R.C.P. 98(c) because the property at issue is located in Adams County, Colorado and the contract was entered into and the acts occurred in Adams County, Colorado.

### **Statement of Facts**

7. Adams County receives funding each year from HUD under the CDBG program as an Urban Entitlement County. Adams County administers these grants as general fund grants to support community-based organizations and public entities to provide programs and services

to Adams County residents. For the 2015/2016 CDBG grant cycle Adams County received \$1,625,647 from the federal government for use in Adams County.

8. The Board of County Commissioners of Adams County appointed members of the Adams County Community & Neighborhood Resources Advisory Council (the "Council") to review grant applications. Grant applications were then referred to the Adams County Board of County Commissioners for approval for funding via resolution. After approval, the applicant executed a subgrantee agreement with Adams County so that Adams County could disburse the federal funds to the subgrantee.

9. Arising Hope is a non-profit corporation that purported to provide safe emergency shelter and housing to victims of domestic violence, specifically women, children and their domestic pets, as well as other resources and services.

10. On or about November 21, 2014, Arising Hope submitted an Adams County Community Development Block Grant (CDBG) Application for Funding ("Application") to Adams County.

11. In the Application, Arising Hope stated that they were seeking funds to acquire a ranch style home with a basement to provide a housing option for victims of domestic violence specifically for "women, children and their domestic pets". The amount of funding sought was \$350,000.

12. On or about December 9, 2014 and January 8, 2015 the Council reviewed applications for the CDBG program and recommended certain projects for funding based on the applications.

13. On or about March 3, 2015, Adams County approved by resolution the award of \$289,000 to Defendant and designated the Director of the Neighborhood Services Department and the Community Development Manager to execute the documents to effectuate the grants.

14. On or about June 5, 2015, Adams County and Arising Hope, by Defendant McMahan, executed an agreement providing \$289,000 in CDBG funds to Arising Hope for the purpose of purchasing a ranch style home with a basement (the "Subgrantee Agreement").

15. On or about September 1, 2015, Arising Hope requested and was granted an additional \$19,000 in CDBG funds, for a total of \$308,000 to be conveyed to Arising Hope.

16. On or about October 7, 2015, Angela McMahan on behalf of Arising Hope submitted a SubGrantee Payment Request for \$308,000 for the purpose of acquiring the Property.

17. On or about October 14, 2015 Adams County wired \$308,000 to Land Title Guarantee Company for the purpose of completing the sale of the Property.

18. On or about October 16, 2015, Arising Hope purchased at home at 12155 Monaco Drive, Brighton, CO for \$308,000 (the "Property").

19. In August 2016 and December 2016 Adams County personnel conducted on site inspections of the Property. On neither of those inspection dates did Adams County personnel see any clients of Arising Hope at the Property.

20. Arising Hope also received funding from the Colorado Department of Human Service Domestic Violence Program ("DVP"). As a part of that funding DVP staff members conducted inspections of the Property. DVP staff conducted inspections of the Property on January 29, 2016, September 20, 2016, December 21, 2016 and March 8, 2017. DVP staff did

not observe any clients at the Property and in fact saw no evidence to show the Property was occupied at all beyond the personal belongings of Angela McMahan in the master bedroom.

21. On or about January 19, 2018 Adams County staff attempted to conduct an on-site monitoring at the Property. Adams County staff were videotaped without their permission and did not view more than the entryway of the Property since Angela McMahan and an unidentified man, who was videotaping, blocked the entrance.

22. Section 10 of the Subgrantee Agreement states that Arising Hope must comply with the requirements set forth in Exhibit 5 of the Subgrantee Agreement and “all local, state and federal ordinances, codes, laws, rules, regulations, orders and guidelines” applicable to the contract. Exhibit 5 of the Subgrantee Agreement at Section 12 states that Arising Hope must comply with all applicable federal laws and regulations, including the CDBG regulation 24 CFR §570.505. 24 CFR §570.505 states that subgrantee recipients which acquired real property using CDBG funds must use the real property for CDBG purposes for a minimum of five (5) years and may not change the use during that period.

23. Section 12(a) of the Subgrantee Agreement states that Adams County may terminate the Subgrantee Agreement if Arising Hope materially fails to comply with any of the terms of the Subgrantee Agreement.

24. On or about January 29, 2018, Adams County informed Arising Hope by letter that the Subgrantee Agreement will be terminated as of February 15, 2018. The reason for termination was stated as the failure of Arising Hope to use the Property for five (5) years as a domestic violence shelter as required in the Subgrantee Agreement.

25. Section 12(e) of the Subgrantee Agreement states: “[a]ny real property which was acquired or improved in whole or in part with CDBG funds in excess of \$25,000 shall upon termination of the Agreement either meet a CDBG national objective for at least five years thereafter or shall be disposed of and proceeds of the fair market value of the property, less any value obtained through non-CDBG funds, be returned to the COUNTY.”

26. On or about June 2018, the Property was put up for sale. It subsequently was removed from the market.

27. During the first half of October 2018 the Property was again put up for sale and as of October 22, 2018 was under contract with a buyer. The Property was again removed from the market in November 2018 and is currently not for sale.

**First Claim For Relief**  
(Breach of Contract)

28. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 27 of this Complaint.

29. Arising Hope and Angela McMahan entered into a contract with Adams County agreeing to purchase a home for use as a domestic violence shelter for five (5) years in accordance with the CDBG laws and regulations.

30. Based upon information and belief, Arising Hope and Angela McMahan failed to use the Property as a domestic violence shelter as required under the Subgrantee Agreement and the CDBG laws and regulations.

31. Adams County performed on its portion of the Subgrantee Agreement by providing Arising Hope and Angela McMahan with the funds to purchase the Property.

32. Arising Hope and Angela McMahan's failure to comply with the provisions of the Subgrantee Agreement resulted in economic loss to Adams County and ultimately, the taxpayers of Adams County, the State of Colorado, and the United States of America.

33. Pursuant to the terms of the Subgrantee Agreement, Adams County is entitled to repayment of all funds conveyed to Defendants plus any increase in value of the property purchased.

**Second Claim for Relief**  
(Quantum Meruit/Unjust Enrichment)

34. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 33 of this Complaint.

35. Arising Hope and Angela McMahan received \$308,000 in CDBG funding from Adams County.

36. Arising Hope and Angela McMahan benefited from that funding by purchasing the Property which they resided in for three (3) years free of rent or charge.

37. Arising Hope and Angela McMahan did not comply with the terms of the Subgrantee Agreement.

38. Based upon information and belief, Arising Hope and Angela McMahan may not have provided services to domestic violence victims as promised while residing at the Property.

39. Based upon information and belief, Arising Hope and Angela McMahan may have used the Property for purposes completely unrelated to the purpose for which CDBG funds were granted.

40. Arising Hope and Angela McMahan unjustly received the benefit of the funding and the use of the Property without just compensation to Adams County.

41. If Arising Hope and Angela McMahan sell the Property without full reimbursement to Adams County pursuant to the terms of the Subgrantee Agreement, they will additionally be unjustly enriched.

**Third Claim for Relief**

(Theft C.R.S. §18-4-405 – Angela McMahan)

42. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 41 of this Complaint.

43. Arising Hope and Angela McMahan received \$308,000 in CDBG funding from Adams County.

44. Angela McMahan knowingly deceived Adams County into granting Arising Hope \$308,000 in CDBG funding.

45. Angela McMahan did not have authorization from Adams County to use the Property as anything other than a domestic violence shelter as required under the Subgrantee Agreement and the CDBG laws and regulations.

46. Angela McMahan intended to permanently deprive Adams County of the \$308,000 in CDBG funding.

47. The actions of Angela McMahan constitute theft pursuant to the provisions of C.R.S. §18-04-405.

**Relief Requested**

WHEREFORE, Plaintiff prays for judgment against the Defendants Arising Hope and Angela McMahan and the following relief:

A. Economic damages to be determined by the trier of fact;



B. As provided in the Subgrantee Agreement, costs and expenses incurred by Adams County in bringing this action, including, but not limited to, Adams County's attorney fees, pursuant to Section 12(a);

C. As provided by C.R.S. § 18-4-405 for three (3) times the actual damages sustained by Adams County; and

D. Any such further orders as the Court may deem just and proper.

Dated this 10<sup>th</sup> day of December, 2018.

ADAMS COUNTY ATTORNEY'S OFFICE

/s/ Meredith P. Van Horn

Meredith P. Van Horn #42487

Plaintiff's Representative Address and Phone Number:

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