



## **OFFICE OF THE INSPECTOR GENERAL**

### **2020 ANNUAL REPORT**

**JANUARY 1 THROUGH DECEMBER 31, 2020**

ELISSA RHEE-LEE

INSPECTOR GENERAL

FEBRUARY 1, 2021



February 1, 2021

Chairwoman Hurlock, Vice-Chairman Chico and Members of the Finance/Audit Committee:

Enclosed for your review is the *Office of the Inspector General, 2020 Annual Report*, detailing the activities and initiatives of the CHA's Office of the Inspector General (OIG), pursuant to the mission and directives mandated in *The Office of the Inspector General Charter*. This Annual Report contains statistical data, summaries of significant investigations (criminal and administrative), audits, advisories, data analytics, and significant OIG operational matters for 2020.

During the 2020 reporting period, the OIG processed 531 complaints, initiated 31 investigations, and provided investigative support on 93 matters. OIG investigations resulted in one conviction, 12 indictments and 18 closed administrative investigations. Additionally, this report provides the OIG accomplishments from 2013 to 2020.

The OIG will continue to maintain and protect its independence to accomplish our mission through comprehensive investigations, audits, advisories, investigative support and analytics.

I thank Chairwoman Hurlock, Vice-Chairman Chico, the members of the Finance/Audit Committee, and CEO Tracey Scott for your continued support of the OIG.

Respectfully submitted,

Elissa Rhee-Lee  
Inspector General

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This Annual report provides an overview of operations of the OIG during the period of January 1, 2020 through December 31, 2020. This report includes statistical and narrative summaries of OIG activities for the past year.

## **I. MISSION OF THE INSPECTOR GENERAL'S OFFICE**

The OIG is an independent oversight agency whose mission is to promote economy, efficiency and integrity in the administration of programs and operation of the Chicago Housing Authority (CHA). The OIG achieves this mission through:

- Criminal Investigations
- Administrative Investigations
- Program Reviews
- Performance Audits
- Analytics
- Advisories
- Fraud Awareness Training

From these activities the OIG pursues criminal prosecutions when appropriate. Additionally, the OIG issues reports of findings and disciplinary and policy recommendations to ensure that CHA officers, the Board members, employees and vendors are held accountable for running a transparent, efficient, and cost-effective operation. Furthermore, the OIG seeks to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud and abuse of public authority in CHA's use of funds.

## **II. INVESTIGATIONS AND PROGRAM REVIEW STANDARDS**

The OIG conducts investigations in accordance with the *Association of Inspectors General Principles and Standards for Office of Inspectors General*, using generally accepted principles, quality standards, and best practices applicable to federal, state, and local offices of Inspectors General. These include both general standards and qualitative standards as outlined in the above publication. Additionally, the OIG always exercises due professional care and independent impartial judgement in conducting investigations and in the issuance of reports and recommendations.

The OIG conducts audits in accordance with the *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States and *Principles and Standards for the Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings, and conclusions based on the audit objectives. The adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, organizing, staff qualifications, direction and control, coordination, reporting, confidentiality and quality assurance.

OIG operations undergo an independent peer review conducted by members of the National Association of Inspectors General (AIG) every three years to ensure compliance with the OIG's governing standards. The most recent review was completed on August 14, 2019 and the OIG met the respective AIG standards for the period under review. The National AIG commented that, "*the sheer size of the governmental operations that your office oversees, and your office's jurisdiction and responsibility are unparalleled by any other local government inspectors general office.*"

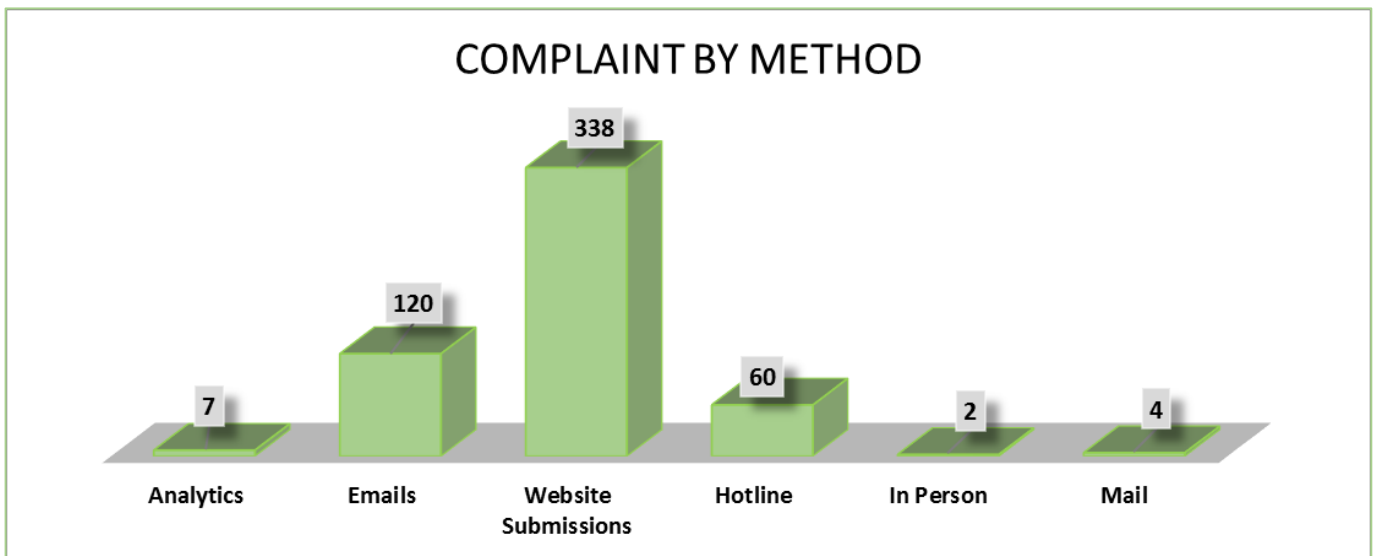
### III. SIGNIFICANT INITIATIVES AND ACTIVITIES IN 2020

- **Criminal Investigations – 1 Conviction, 12 Indictments and 2 Sentenced**
  - United States of America v. Lester Coleman (CHA Contractor) – Indicted
  - United States of America v. Kevin Goodwin (Property Manager) – Sentenced
  - United States of America v. Spiros Kouvelis (Landlord) – Sentenced
  - State of Illinois v. Silk Lumpkins (Participant) – Indicted
  - State of Illinois v. Brian Rice (Contracted Employee) – 10 Count Indictment
  - State of Illinois v. Carson Hughes (CHA Employee) – Convicted
  
- **Administrative Investigations – Sustained**
  - Recommendation for Debarment – CHA JOC Vendor
  - Recommendation to Property Office – Security Services Vendor
  - Recommendation for Termination from HCV Program – Three Participants
  - Investigation of Cabrini Green LAC CDC Resulted in a Motion in U.S. District Court to Modify and Enforce Consent Decree
  
- **Performance Audits**
  - Audit of Emergency Contract at LPP
  - CPD IGA Audit
  - PPM Tenant Accounts Receivable Audit
  - HCV Inspections Audit
  - Fleet Vehicle Use Follow-Up Audit
  
- **Analytics**
  - Quarterly Registered Sex Offender Analysis
  - HAP Overpayments to HCV Landlords of \$170,000
  - Deceased Tenants on Record as Residing in Public Housing Properties
  - Red Flags of CHA JOC Program
  
- **Advisories**
  - Advisory 18 – Mixed-Finance Rent Collection Processes
  - Advisory 19 – Retaining Historical HCV HQS Inspection Results
  - Previous OIG Advisory on an Overbilling Scheme by a Security Services Contractor Resulted in a \$400,000 Settlement Agreement
  
- **Additional OIG Goals Met**
  - Support for ITT Hearings Resulted in Terminations of Two HCV Participants for a Combined Loss of \$188,970
  - Health Care Partnership Initiative
  - Testimonial Evidence Provided by OIG Senior Auditor Was A Determining Factor in Finding Police Officer Guilty Of Various Charges In Police Review Board Hearing.

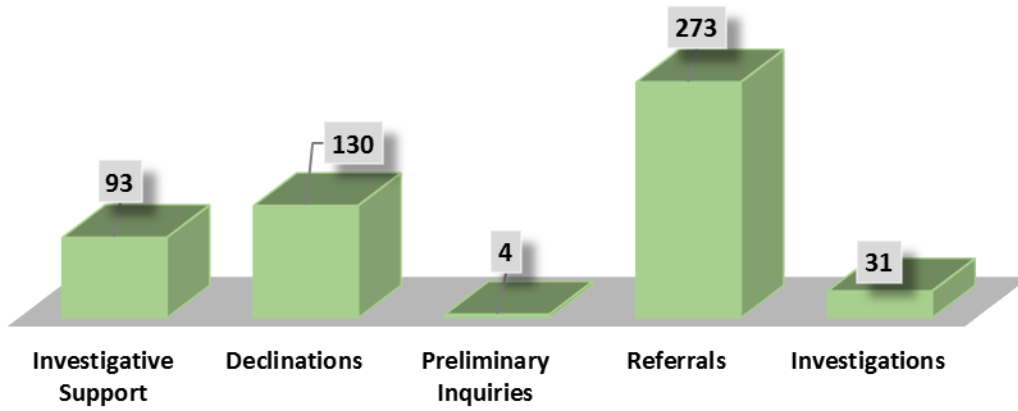
#### IV. 2021 GOALS

- Advise and inform the Audit Committee in a timely manner of concerns and issues within the OIG's jurisdiction and impacting the CHA.
- Advise and inform CHA Management on OIG findings and recommendations to root out fraud, waste, misconduct and abuse of public funds.
- Pursue criminal investigations and seek restitution and/or forfeiture where appropriate.
- Maintain OIG compliance with "Green Book" standards (Association of Inspector General).
- Continue Fraud Awareness Training for employees and contractors/vendors.
- Continue to provide evidentiary and investigative support to the HCV Department for ITT hearings.
- Continue to provide CHA management with OIG Advisories pertaining to relevant and emergent issues that may impact operations.
- Continue to utilize data analytics to maximize resources and knowledge-sharing through OIG initiatives designed to support a more efficient and compliant operational environment.
- Advance the use of technology in OIG operations to promote efficiency.
- Maintain OIG staff training and expertise in analytics, audits and fraud investigations.

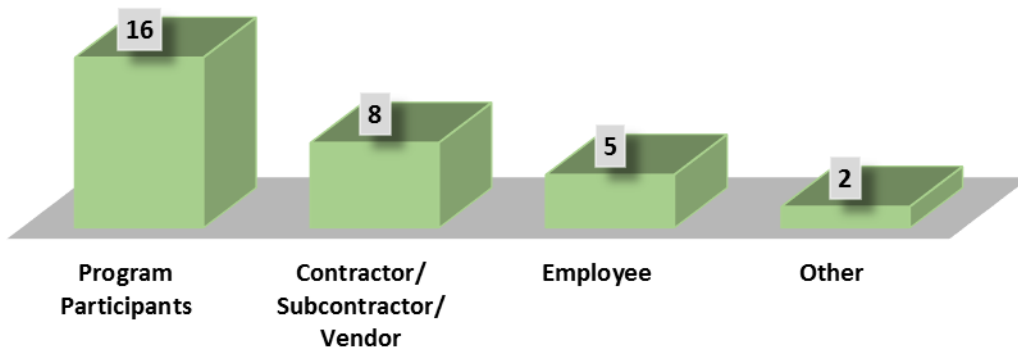
#### V. STATISTICAL CHARTS AND GRAPHS OF COMPLAINTS

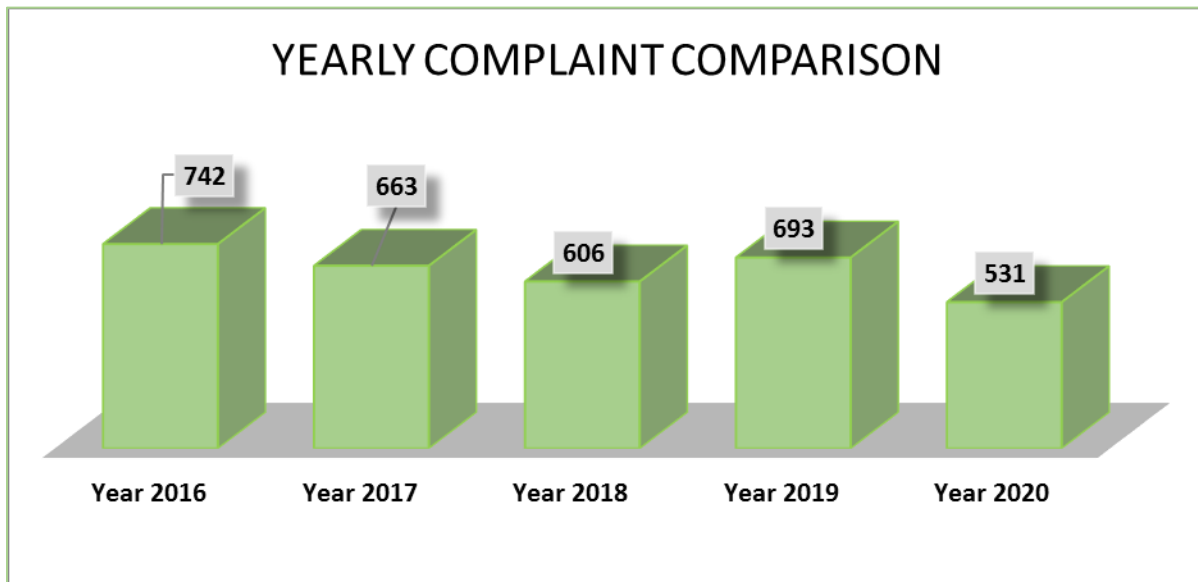


## COMPLAINT BY DISPOSITION



## SUBJECT OF INVESTIGATION





## VI. SIGNIFICANT INVESTIGATIONS, AUDITS, AND ADVISORIES

### A. INVESTIGATIONS

In 2020, the OIG conducted investigations that led to criminal prosecutions and administrative sanctions. In addition to some of the cases highlighted in this report, the OIG conducted 24 criminal and 38 administrative investigations. Of those investigations, 54 have not been concluded within six months from initiation. The pandemic also contributed to significant delays in investigations. See the table below.

Reasons	Number of Investigations
<b>A.</b> Complex investigation, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency.	<b>47</b>
<b>B.</b> Indicted cases, but no criminal disposition.	<b>7</b>
<b>C.</b> On-hold, to not interfere with another on-going investigation.	<b>0</b>
<b>Total</b>	<b>54</b>



## **CRIMINAL INDICTMENTS**

### **2019-09-00060**

An OIG investigation was initiated in September 2019 involving HCV participant, Silk Lumpkins (Lumpkins). The investigation revealed that from November 2015 through March 2020, Lumpkins fraudulently received housing benefits totaling approximately \$110,000 by concealing income and assets from the CHA as follows:

- Failure to report income she received from employment with several major companies.
- Using an alias and a second social security number to conceal her employment.
- Failure to report a residential home in Crystal Lake, IL, as an asset. As part of a 2013 Marital Settlement Agreement, she received sole possession of the residential property and was not responsible for paying the mortgage, taxes, or insurance on the property.
- Failure to report monthly rent payments she received since 2015 from tenants that rented the Crystal Lake property.
- Failure to report her husband as a household member or income from his employment.
- Failure to report monthly child support payments.
- Failure to disclose a Federal felony conviction for a bank robbery committed in May 2010.

On December 30, 2020, the Grand Jury sitting in the Circuit Court of Cook County returned a one count indictment charging Lumpkins with a Class X felony theft. The CHA OIG investigation will remain open pending the outcome of Lumpkin's criminal court proceedings.

### **2019-01-00068**

A CHA OIG investigation was initiated in January 2019 involving Brian J. Rice (Rice). Rice was a former employee of Nan McKay & Associates, which is contracted to administer the CHA's Housing Choice Voucher Program.

The investigation revealed that between November 2018 and June 2019, Rice used his CHA credentials to solicit bribes from individuals applying to be placed on the CHA's waiting list and those already on the list waiting to receive CHA vouchers.

Upon receiving payment, Rice allegedly provided applicants with a voucher and false information to provide to landlords. Once a landlord submitted the fraudulent information to the CHA, they were informed that neither the voucher nor the required tenant number could be verified.

Individuals allegedly paid between \$1,800 and \$2,500, and it is estimated that Rice collected more than \$116,000 in bribes. While Rice repaid some of the money, in other instances he allegedly changed his phone number so that individuals who paid bribes could no longer contact him.

The CHA OIG identified in excess of 50 victims of Rice's scheme and since many individuals were reluctant to cooperate, it is estimated that the number of victims is significantly higher. During the investigation OIG Investigators made contact with over 30 victims and witnesses.

On 1/15/2021, the Grand Jury sitting in the Circuit Court of Cook County returned 10 separate indictments charging Rice with 34 separate counts including bribery, wire fraud, theft by deception and forgery. Rice's criminal court case in Cook County is still ongoing.

Prosecution of the matter is being handled by the Illinois Attorney General's Office.

#### **2014-03-00034**

Lester Coleman, the owner of Coleman Development Corp (CDC) was indicted on federal fraud charges for defrauding by obtaining contracts in excess of \$3 million dollars through CDC, a certified minority-owned enterprise (MBE). Coleman misrepresented the amount of work performed by CDC and the amount of employee wages paid.

As mandated by the US Department of Housing and Urban Development (HUD), the CHA required that MBEs, along with women-owned business enterprises (WBE), had ample opportunity to participate in the performance of contracts financed in whole or in part with federal funds. To further these ends, CHA rules required that a bidder, or a contractor who was awarded a CHA contract, allocate certain percentages of the total contract price to participation by one or more MBE or WBE.

CHA rules also required that employees working on a CHA project within specific trades had to be paid at least the prevailing wage rates set by the U.S. Department of Labor. Any contractor working on a CHA project was required to submit certified weekly payroll reports which set forth the name of each employee, the number of hours worked by each employee, the hourly rate of pay for each employee, and the gross wages earned by each employee.

According to the indictment returned in the Northern District of Illinois, Coleman caused CDC to bid on approximately 6 contracts and falsely represent that CDC, as an MBE, would itself perform an amount of work sufficient to satisfy the CHA's MBE requirements, knowing that CDC did not have the capacity to perform the necessary amount of work. Coleman then entered into subcontractor agreements with Subcontractor A to perform substantially all of the services that Coleman represented to the CHA that CDC itself would perform. Coleman caused CDC to submit payment requests to the CHA on these projects that included supporting documents that falsely represented the amount of work done by CDC and others; inflated the labor and materials costs incurred by CDC; falsely underreported the amount of work done by Subcontractor A; submitted payment requests that falsely represented the identity of certain subcontractors; and caused CDC to falsely represent to the CHA that the employees working on the projects would be paid prevailing wages. Coleman caused CDC to submit to the CHA certified payroll reports which falsely represented that CDC had paid its employees prevailing wage rates and that particular individuals had performed work on projects, knowing that CDC had not paid the prevailing wages and that certain named individuals had not performed work on the projects or had not performed the amount of work listed in the payroll reports.

## **CRIMINAL CONVICTIONS**

### **2019-06-00012**

A CHA OIG investigation was initiated in June 2019 involving former CHA Construction Inspector Carson Hughes (Hughes). The investigation revealed that from May 29, 2019, through June 15, 2019, Hughes solicited bribes and kickbacks from contractor(s) hired to do rehab work for the CHA. Hughes proposed the contractor(s) submit fraudulent work orders and supplements for work that was never done. Hughes then offered to sign off on the fraudulent invoices in exchange for a portion of the payments generated by the submission of those false documents.

On June 27, 2019, the Grand Jury sitting in the Circuit Court of Cook County returned an eight-count indictment charging Hughes with four counts of Bribery and four counts of Official Misconduct.

On August 21, 2020, Hughes pled guilty to one count of Attempt-Official Misconduct (amended count) before the honorable Judge Ursula Walowski and was sentenced to 12-months' probation with Conditional Discharge. The OIG did not concur with the decision of the Cook County State's Attorney's Office, which allowed Hughes to plead guilty to an amended count.

The OIG considers this investigative matter closed.

## **ADMINISTRATIVE**

### **2016-12-0005**

An OIG investigation was initiated in January 2017 involving the Cabrini Green LAC Community Development Corporation (CDC) and allegations of mishandling of funds, conflict of interest and mismanagement.

The OIG investigation determined that the CDC failed to adhere to the intent of the Consent Decree. Despite receiving over \$1.5 million between 2015 and May 2019, the CDC provided little or no benefits to the displaced and current residents of Cabrini Green. The CDC also frequently violated and ignored professional conflicts of interest advice by allowing CDC Board members and family and friends of Board members to profit and receive benefits from CDC funding. The CDC also failed to adhere to its regulatory responsibilities as an IRS-recognized Tax-Exempt Organization and potentially put at risk the developments that received government tax credits.

The investigation further revealed that the CDC was controlled extensively by Carol Steele (Steele), who directed all aspects of the CDC decision-making process. Expenditures and many actions taken by the Board were frequently not documented or recorded in the Board minutes. Since 2009, Steele appointed all Board members, many of which were family members and friends and, since September 1, 2016, Steele was both the LAC President and the CDC President.

Due to projected receipt of over \$7 million in revenue by the CDC, the OIG recommended that the CHA return to Federal District Court to seek guidance on the oversight function to ensure proper implementation and enforcement of the Consent Decree.

On July 21, 2020, the CHA and the City of Chicago, filed a motion in US District Court, NDI, asking the court to modify and enforce the Consent Decree to allow for more oversight of the funds. The matter is still pending under Case No. 96 C 6949.

**B. NOTABLE INVESTIGATIVE SUPPORT / REFERRALS**

**CHA Health Partnership Initiative**

In collaboration with CHA’s Resident Services Department, the OIG reviewed health partnership applications in 2020 utilizing open source information. No derogatory information was identified in the 17 applications the OIG reviewed. The OIG continued to review partnerships on an ad-hoc basis and ensured activities provided by health partners were in the best interests of the CHA and its residents.

**C. ADVISORIES**

The OIG issued two advisory reports in 2020. The OIG issued advisories when systemic or high-risk conditions were identified by the OIG during the course of audits, data analytics and/or investigations. Once the advisory was issued to CEO Tracey Scott, internal stakeholders were identified to address the concern raised in the advisory.

<b>Advisory #</b>	<b>Description/Summary</b>
18	Mixed Finance Rent Collection Processes
19	Retaining Historical HCV HQS Inspection Results

**D. AUDITS AND REVIEWS**

The OIG did not close any audits during the 2020 reporting period and had not received CHA management’s response to the following five audits: Emergency Contract at Lake Parc Place Audit; CPD Intergovernmental Agreement Audit; HCV Inspections Audit; Audit of PPM Tenant Accounts Receivable; and Follow Up Fleet Audit.

**E. 2021 OIG PRELIMINARY AUDIT PLAN**

The OIG audit plan is subject to change based upon OIG observations, requests by CHA management, and any other emergent issue that requires the OIG to respond in a timely review. The following is a list of audits that were in progress and were projected to be completed in 2021.

OIG Audits in Progress
HCV Abatement Audit
HCV and Resident Services Demonstration Programs and Special Initiatives Admissions Audit
Audit of Property Office’s Equipment, Appliances and Materials on CHA Sites

**F. ANALYTICS**

The following are significant data analysis projects conducted in 2020:

**Registered Sex Offender List Analysis**

On a quarterly basis, and pursuant to the *Quality Housing and Work Responsibility Act of 1998 (Section 578)*, which became effective on 6/5/2001, the OIG identified the number of lifetime registered sex offenders (offenders) who listed a Public Housing or HCV address on the sex offender registry.

To date, the OIG identified 106 offenders who listed a Public Housing or HCV address on the registry. The CHA participant living at an address which was listed on the registry rarely listed the offender as a household member, indicating the participant was either unaware their address was listed on the registry; or, they were unaware they had unauthorized occupants living in their unit. Regardless, once an offender is identified as having a Public Housing or HCV address, CHA will notify the respective tenant and require them to submit documentation stating that the offender does not reside in the CHA unit. They must also take steps to remove the CHA address from the sex offender registry. Of the 106 offenders identified since beginning of this analysis in 2017, over 58% (62 out of 106) have removed the CHA address from the registry. As shown in the chart below, eight participants have been terminated from the HCV Program, which has resulted in a total of approximately \$210,719 in HAP overpayments.

The following is a summary of administrative actions taken as a result of being identified:

Enforcement Action (Tenants)	Total (106)
Terminated	8
ITT	14
PAC Agreement or Warning Notice	15
Documents Outstanding Notice	15
Settlement Agreement	1
No Further Action	53
<b>Total</b>	<b>106</b>

In 2021, the OIG will continue work on the Registered Sex Offender List Analysis on a quarterly basis with internal stakeholders.

## **HAP Overpayments**

The OIG identified approximately \$170,000 of Housing Assistance Payments (HAP) to HCV landlords after participants vacated their respective rental units. The OIG issued a memorandum to HCV management with recommendations to further reduce residual risks of HAP overpayments.

## **HUD Enterprise Income Verification System Deceased Tenant Report**

The OIG identified 57 deceased tenants residing in a Public Housing or Mixed-Finance property, for which CHA had not taken necessary corrective action within HUD's required timeframe. The OIG issued a memorandum to the Property Office to ensure unoccupied units are prepared for occupancy and made available for the next eligible family, as well as to ensure CHA is not subject to a monetary penalty as determined by HUD.

## **VII. INTERNAL OPERATIONS**

### **A. OIG STAFF AND CREDENTIALS**

The OIG staff is comprised of investigators, auditors, and analysts with deep institutional knowledge, as well as subject matter experts in areas of OIG Audits and Analytics.

INSPECTOR GENERAL – ELISSA RHEE-LEE has been an attorney in the Chicago area for over 34 years. Elissa's area of expertise is in Criminal Law, Governance, Investigations, Ethics, Trial Practice, and Regulatory Compliance. Elissa was appointed by the Board of Commissioners in December 2012 to head the newly independent CHA Office of the Inspector General. Elissa received a Bachelor's degree from Northwestern University and a J.D. from University of Illinois College of Law. Elissa is a Certified Inspector General.

DEPUTY INSPECTOR GENERAL – MICHAEL KOSANOVICH joined the OIG in February 2017 after 24 years with the FBI, where he provided executive management oversight to the Chicago Division's White Collar Crime program, leading Financial Crime and Public Corruption investigations. Prior to his arrival to CHA, Michael spent three years as the Global Security Director with General Electric. Michael earned a Bachelor's degree in Criminal Justice from the University of Maryland and completed FBI Executive Management Training at Northwestern University's Kellogg School of Management.

SENIOR INVESTIGATOR – JUSTIN KING joined the OIG in August 2013 after working for CHA's Legal Department as a Housing Compliance Project Coordinator, helping initiate and investigate Criminal Activity Eviction cases. Justin earned a Bachelor's degree in Criminal Justice. Justin is a Certified Fraud Examiner and a Certified Inspector General Investigator.

INVESTIGATOR – DONNA WASHINGTON-HAYES joined the OIG in April 2018 after serving as an Investigator with the Independent Police Review Authority, investigating alleged police misconduct and police involved shootings. Donna was also a Federal Agent with the United States Postal Inspection Service, Criminal Investigation Division. Donna earned a Bachelor's Degree in

Engineering, Master's Degree in Criminal Justice and a MBA in Financial Fraud and Project Management. Donna is a Certified Fraud Examiner and a Certified Inspector General Investigator.

SENIOR AUDITOR – ELLAYE ACCOH has worked at the OIG since 1998. Ellaye has over 20 years of experience in the fields of Audit and Investigation. Ellaye earned a Bachelor's degree in Finance and a Master's degree in Accounting. Ellaye is a Certified Fraud Examiner, a Certified Inspector General Auditor and a Certified Government Auditing Professional.

SENIOR AUDITOR – BEATRIZ MARTINEZ joined the OIG in August 2013 after working for CHA's HCV Department as both a Quality Control Financial Analyst and an Accounting Supervisor. Beatriz has over 20 years of accounting experience and over ten years of experience as an auditor. Prior to CHA, Beatriz worked as an Internal Auditor for the Office of the Special Deputy Receiver and worked pro-bono at Latinos Progresando. Beatriz currently provides Income Tax assistance to low-income residents. Beatriz earned a Bachelor's degree in Accounting from Robert Morris University. Beatriz is a Certified Fraud Examiner, a Certified Inspector General Auditor and a Certified Public Accountant.

AUDITOR/ANALYST – ASHLEY LINDEMANN joined the OIG in March 2016 after an internship with the Social Security Administration OIG, Office of Investigations. Ashley is heavily trained in research and provided statistical models, trends and analyses to various agencies in Illinois, including the Department of Corrections, Cook County Jail, Illinois Sentencing Policy Advisory Council and the Illinois Criminal Justice Information Authority. Ashley earned a Bachelor's and a Master's Degree in Criminology/Criminal Justice from Loyola University Chicago. Ashley is a Certified Fraud Examiner and a Certified Inspector General Auditor.

INFORMATION ANALYST – BRUCE MERRELL joined the OIG in August 2019 after working 15 years as an Engagement Manager for RSM US LLP, where he supervised numerous attestation examinations. For the past three years, Bruce was assigned to the CHA's internal audit department and supported various data analytics projects. Bruce also previously served as a data center and application development manager for Avon Products, Inc., where he was responsible for the design, development, implementation and support for enterprise-wide, multinational applications. Bruce is a Certified Information Systems Auditor, a Certified Information Security Manager, and Certified in the Governance of Enterprise IT.

OPERATIONS ANALYST – SHANIQUIA (NICOLE) ANDERSON joined the OIG in October 2019 after working as a QA Analyst and Grant Writer. Nicole is skilled in research and writing. She is a critical thinker and enthusiastic problem solver. She earned her bachelor's degree in English and Communications from the University of Illinois Urbana-Champaign and her Master's in Public Administration.

## **B. OIG STAFF CHANGES**

In 2020 the OIG hired Edward Maloney as a Senior Investigator and Anthony Q. Sartin as an Investigator. Edward Maloney was an Assistant States Attorney with the Cook County State Attorney's Office where his focus was on fraud investigations. Anthony Sartin was a Senior Special

Agent with the U.S. Department of Transportation, Office of Inspector General, and had significant experience in government fraud investigations.

## VIII. OIG ACCOMPLISHMENTS FROM 2013 THROUGH 2020

### A. INVESTIGATIONS

The OIG conducts both criminal and administrative investigations into the performance of officers, employees, contractors, functions, and/or programs, either in response to complaints, audits or upon the OIG's initiative.

#### **Criminal Convictions**

The OIG investigations resulted in 38 convictions from 2013 to current for a combined **total loss of \$1,840,500**. The following is a summary of those convictions:

U.S. Attorney's Office for the Northern District of Illinois

- ***United States of America v. Spiros Kouvelis*** (Landlord) – Wire Fraud and Conspiracy
- ***United States of America v. Lillian Juarez*** (HCV Contracted Employee) – Wire Fraud
- ***United States of America v. Kevin Goodwin*** (Authorized Property Manager for CHA Landlord) – Wire Fraud
- ***United States of America v. Shawn Betts*** (HCV Contracted Employee) – Wire Fraud and Conspiracy
- ***United States of America v. Lorraine Johnson*** (HCV Participant) – CHA Loss = \$134,039
- ***United States of America v. Cassandra Wooden Seawood*** (CHA Employee) – Official Misconduct/Tax Fraud

Illinois Attorney General's Office

- ***People of the State of Illinois v. Mohd Assaf*** (PPM Vendor) – CHA Loss = \$193,000
- ***People of the State of Illinois v. Maurice Mills*** (PH Resident) – CHA Loss = \$34,000
- ***People of the State of Illinois v. Cassandra Evans*** (PPM Property Manager) – CHA Loss = \$8,922

Cook County State's Attorney's Office

- ***People of the State of Illinois v. Ericka Island*** (HCV Participant) – CHA Loss = \$13,573
- ***People of the State of Illinois v. Helen Davis*** (HCV Participant) – CHA Loss = \$139,479
- ***People of the State of Illinois v. Aletta Wise aka Aletta Applewhite*** (HCV Participant) – CHA Loss = \$53,067
- ***People of the State of Illinois v. Arthur Dorsey Jr.*** (HCV Participant) – CHA Loss = \$211,303
- ***People of the State of Illinois v. Tiajuana Hawthorne*** (HCV Participant) – CHA Loss = \$84,641
- ***People of the State of Illinois v. Michael Fort/Latoya Williams*** (Landlord/HCV Participant) – CHA Loss = \$63,138
- ***People of the State of Illinois v. Howard Headd/Doris Bell*** (Landlord/HCV Participant) – CHA Loss = \$110,617



- ***People of the State of Illinois v. Charlene Potts/Scott Washington*** (HCV Contracted Employee/Husband) – CHA Loss = \$177,712
- ***People of the State of Illinois v. Darlene Banks*** (HCV Participant) – CHA Loss = \$27,211
- ***People of the State of Illinois v. Latrish Nelson*** (HCV Participant) – CHA Loss = \$5,496
- ***People of the State of Illinois v. Rosemarie Ellis*** (HCV Participant) – CHA Loss = \$5,148
- ***People of the State of Illinois v. Shontee Lucas*** (HCV Participant) – CHA Loss = \$14,435
- ***People of the State of Illinois v. Cecil Lyles Jr.*** (HCV Participant) – CHA Loss = \$102,070
- ***People of the State of Illinois v. Cynthia Foster*** (HCV Participant) – CHA Loss = \$11,312
- ***People of the State of Illinois v. Wanda Goodloe*** (HCV Participant) – CHA Loss = \$108,000
- ***People of the State of Illinois v. Donna Eaton*** (HCV Participant) – CHA Loss = \$31,627
- ***People of the State of Illinois v. Jacqueline Walker*** (HCV Participant) – CHA Loss = \$25,528
- ***People of the State of Illinois v. Joanne McClenon*** (HCV Participant) – CHA Loss = \$12,714
- ***People of the State of Illinois v. Romineska Givens*** (HCV Participant) – CHA Loss = \$19,942
- ***People of the State of Illinois v. Theresa Davis*** (HCV Participant) – CHA Loss = \$15,544
- ***People of the State of Illinois v. Valeria Hanks*** (HCV Participant) – CHA Loss = \$12,764
- ***People of the State of Illinois v. Theretha Brewer/Burnett Carodine*** (HCV Participant/Landlord) – CHA Loss = \$61,028
- ***People of the State of Illinois v. Marcia Smith/Ella Smith*** (HCV Participant/Landlord) – CHA Loss = \$164,190
- ***People of the State of Illinois v. Carson Hughes*** (CHA Employee) – CHA Loss = Attempt-Official Misconduct

## Indictments

In addition to the 38 convictions, OIG investigations resulted in 13 indictments that are still pending with the various prosecutor offices. The combined total loss is \$879,067:

### Federal Indictments

- ***United States of America v. Major Barrow*** (PPM Vendor) – CHA Loss = \$345,000
- ***United States of America v. Lester Coleman*** (CHA Contractor) – Wire Fraud

### Illinois Attorney General's Office

- ***People of the State of Illinois v. Brian Rice*** (HCV Contracted Employee) – 10 separate count indictment charging Rice with Bribery, Wire Fraud, Theft by Deception and Forgery
- ***People of the State of Illinois v. Silk Lumpkins*** (HCV Participant) – CHA Loss = \$110,000
- ***People of the State of Illinois v. Evelyn Massey*** (HCV Participant) – CHA Loss = \$138,043

## Cook County Indictments

- ***People of the State of Illinois v. Charles Watts/Shawana Spivery*** (Landlord/HCV Participant) – CHA Loss = \$94,000
- ***People of the State of Illinois v. Olumide Runsewe*** (HCV Participant) – CHA Loss = \$87,000
- ***People of the State of Illinois v. Agwu Mong*** (PH Resident) – CHA Loss = \$43,600
- ***People of the State of Illinois v. Lorene Loyde*** (HCV Participant) – CHA Loss = \$9,625
- ***People of the State of Illinois v. Cynthia Davis\**** (HCV Participant) – CHA Loss = \$15,316
- ***People of the State of Illinois v. Sherry Mhoon\**** (HCV Participant) – CHA Loss = \$15,674
- ***People of the State of Illinois v. Marie Spain*** (HCV Participant) – CHA Loss = \$20,809

\*These individuals deceased prior to a resolution of their court dates.

## **B. COMPLETED AUDITS**

The OIG completed 21 audits and program reviews from 2013 to current, consisting of the following topics:

- Elevator Maintenance Services Audit
- Follow-Up Construction Change Orders Audit
- Private Property Management (PPM) Vehicle Use Audit
- Procurement Reform Task Force Audit
- CHA Fleet Vehicle Use Audit
- Public Housing Over Income Audit
- Project-Based Voucher Audit
- Housing Choice Voucher (HCV) Lead Inspection Process Audit
- CHA Construction Change Orders Audit
- CHA Housing Assistance Payment (HAP) Overpayment Audit
- H.J. Russell Property Management Audit
- CHA Scavenger Services Audit
- Occupancy Rate Audit
- CHA Emergency Contracts Audit
- PPM Emergency Contracts Audit
- CHA Security Guard Services Audit
- Follow-Up Occupancy Rate Audit
- Follow-Up Emergency Contracts Audit
- Follow-Up Security Guard Services Audit
- Summer Youth Program Review
- Central Advisory Council Section 3 Grant Program Review

## **C. ONGONG AUDITS**

- Chicago Police Department (CPD) Intergovernmental Agreement (IGA) Audit
- Audit of an Emergency Contract at Lake Parc Place

- PPM Rent Collection Audit
- HCV Inspections Audit
- Follow -Up CHA Fleet Vehicle Use Audit
- Property Office Equipment, Appliances and Materials Audit
- HCV Abatement Process Audit

**D. ADVISORIES**

The OIG issues advisories when systemic or high-risk conditions are identified by the OIG during the course of audits, data analytics and/or investigations. Once an advisory is issued to the CEO, internal stakeholders are identified to address the concern raised in the advisory.

The OIG issued 19 advisories from 2013 to current, consisting of the following topics:

- Recommendation regarding check verification services for CHA managed and controlled checking accounts (Positive Pay)
- Conflict of interest between PPM and contractor
- Vendor billed CHA above the contracted rate for a total of \$839,382
- Recommendation for debarment of a contracted employee working on CHA related matters
- Financial interests and collusion between an employee and a vendor (Analytics)
- Recommendation regarding Chicago Building Code Scofflaw Ordinance
- Expansion of scope period in Advisory 3/Total overbilling is \$969,824
- Recommendation regarding CHA’s Vendor Data and Vendor Duplicates
- Recommendation for Employment Action
- Recommendation to CHA based on an analysis of P.O. Boxes
- Recommendations for CHA’s Lead Inspection Process
- Security Recommendations for Master Keys
- Security Recommendations for Identification Badges
- Recommendations for Compliance with Illinois Identity Protection Act
- Recommendation for CHA’s Ethics Policy
- Recommendation regarding Duty to Cooperate and Duty to Report for Property Owners
- Recommendation for HCV to Document PAC Meetings
- Recommendation for Mixed-Finance Management Agents’ Rent Collection Processes
- Recommendation on Inspection Records in Yardi

**E. NOTABLE INVESTIGATIVE SUPPORT**

The OIG continues to provide evidentiary and investigative support to various CHA stakeholders, including support for Housing Choice Voucher (HCV) Intent to Terminate (ITT) hearings and public housing evictions. The OIG’s assistance resulted in 22 terminations from the HCV and Public Housing Programs and one additional participant entered into a repayment agreement, for a combined loss amount of \$1,020,834.00. The following table references those case numbers and each respective loss amount:

<b>OIG Case Number</b>	<b>Loss Amount</b>
Sex Offender Analysis	\$ 20,690.00
Sex Offender Analysis	\$ 21,602.00
Sex Offender Analysis	\$ 20,577.00
Sex Offender Analysis	\$ 12,013.00
Sex Offender Analysis	\$ 10,193.00
Sex Offender Analysis	\$ 11,041.00
Sex Offender Analysis	\$ 8,459.00
Sex Offender Analysis	\$ 64,153.00
Sex Offender Analysis	\$ 50,450.00
INC-2019-10-00072	\$ 148,619.00
INC-2019-08-00070	\$ 40,351.00
INC-2017-12-00043	\$ 50,359.00
INC-2017-12-00024	\$ 3,657.00
INC-2017-11-00077	\$ 37,920.00
INC-2017-11-00029	\$ 10,780.00
INC-2017-10-00030	\$ 187,772.00
INC-2017-10-00023	\$ 56,000.00
INC-2017-08-00052	\$ 90,747.00
INC-2017-08-00040	\$ 10,270.00
INC-2016-10-00009	\$ 54,040.00
INC-2016-10-00009	\$ 99,395.00
INC-2015-10-00025	\$ 6,456.00
INC-2017-12-00018	\$ 5,290.00
<b>TOTAL</b>	<b>\$1,020,834.00</b>