

QUARTER 2 REPORT

07/15/2022



**CHICAGO HOUSING AUTHORITY
OFFICE OF THE
INSPECTOR GENERAL**



CHICAGO HOUSING AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
INSPECTOR GENERAL KATHRYN B. RICHARDS
60 E. VAN BUREN, 7th FLOOR, CHICAGO, IL 60605

July 15, 2022

To Chairperson Hurlock, Vice-Chairman Brewer, and Distinguished Members of the Finance and Audit Committee:

Enclosed is the 2022 Second Quarter Report on the activities of the Chicago Housing Authority Office of the Inspector General (OIG) from April 1, 2022, through June 30, 2022. Pursuant to the OIG Charter, this report contains statistical information and summaries of OIG investigations, audits, and other activities. Notable developments this quarter include:

- Two OIG criminal investigations, which resulted in a combined total of **\$224,817** in criminal restitution orders payable to the CHA.
- In May and June 2022, two separate criminal cases involving defendants accused of defrauding CHA's housing programs were scheduled for trial. Both defendants pleaded guilty on the eve of trial. OIG and CHA employees were thoroughly prepped and ready to testify, when the defendants decided to change their plea.
- The completion of 17 administrative investigations that were part of the OIG's broader Paycheck Protection Program Loan Fraud initiative. A summary of these matters will be included in the next quarterly report to allow management time to respond to the OIG's findings and recommendations.
- A 28% reduction in the OIG's backlog of open investigations. This is in part the result of the onboarding of additional OIG staff and an enhanced complaint review process, allowing us to more quickly dispose of matters that may otherwise have been opened as investigations.
- The launch of a new Procurement Fraud Monitoring Initiative, which aims to use data analytics to identify red flags in CHA's procurement and bidding process, in order to root out and prevent collusion, bid-rigging, and price fixing. The OIG has leveraged partnerships with the U.S. Department of Justice Procurement Fraud Strike Force and world-class data scientists at the Danish Competition and Consumer Authority, to develop our capacity and strategies for future work. We are hopeful that the OIG's efforts in this area will ensure CHA is at the leading edge of procurement fraud prevention in Chicago and beyond.

- The initiation of an Audit of Rent Collection at CHA's Mixed Finance/Mixed Income Properties. This audit seeks to determine whether Mixed Finance Property Management Agents are appropriately collecting CHA tenant rents and CHA has adequate controls in place to appropriately monitor management agent rent collection activities.
- Finally, the OIG continued its communication and outreach efforts with mailings of OIG informational fliers to Chicago-based housing and community non-profits, all 50 Chicago Aldermanic Ward offices, and CHA public housing sites. We released another issue of the OIG's internal email newsletter, *Integrity Watch*, and launched the CHA OIG Facebook page, to provide additional avenues for engagement. I hope you will follow us on social media, now on Facebook, Twitter, and LinkedIn!

The OIG and its employees are dedicated to promoting integrity and trustworthiness in CHA operations. By rooting out unethical and criminal behavior, the OIG seeks to ensure that such conduct is not tolerated at CHA. I am grateful to the Board and CHA management for their shared commitment to this mission. Together, we continue to hold the CHA to the highest standards of transparency, integrity, and trust.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kathryn Richards". The signature is written in a cursive style and is positioned above the typed name.

Kathryn B. Richards
Inspector General

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Mission of the OIG

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

The OIG achieves this mission through:

- Criminal Investigations
- Administrative Investigations
- Investigative Support to Partner Agencies
- Performance Audits
- Program Reviews
- Analytics
- Advisories
- Training and Fraud Prevention
- Communications and Outreach

The OIG partners with law enforcement agencies to pursue criminal prosecutions where appropriate. In administrative matters, the OIG issues reports of findings and recommendations to ensure that CHA officers, the Board of Commissioners, employees, and vendors are held accountable for running an efficient, cost-effective operation. Through audits, reviews, and analytics, the OIG seeks to prevent, detect, expose, and eliminate waste, inefficiency, misconduct, fraud, and abuse in CHA's programs and operations. Finally, through training, communications, and outreach, the OIG seeks to prevent fraud and other misconduct, raise awareness of common fraud indicators, and provide multiple avenues for reporting such concerns to ensure the CHA remains responsive and accountable to its stakeholders.

Ultimately, the OIG seeks to ensure the CHA is best equipped to serve its overarching mission to "leverage the power of affordable, decent, safe, and stable housing to help communities thrive and low-income families increase their potential for long-term economic success and a sustained high quality of life."



Investigations and Audit and Program Review Standards

The OIG conducts investigations in accordance with the *Association of Inspectors General Principles and Standards for Offices of Inspectors General*, 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 judgment in conducting investigations and the issuance of reports and recommendations.

The OIG conducts audits of programs in accordance with *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 our findings and conclusions based on our audit objectives.

The adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, staff qualifications, direction and control, confidentiality, and quality assurance.

Every three years, the OIG submits to an independent peer review conducted by members of the national Association of Inspectors General (AIG) to ensure compliance with these governing standards.

The OIG has been found to meet all relevant standards in each period reviewed.

The OIG's next peer review is scheduled for September 2022. The OIG will publish results of that review as soon as it is available.

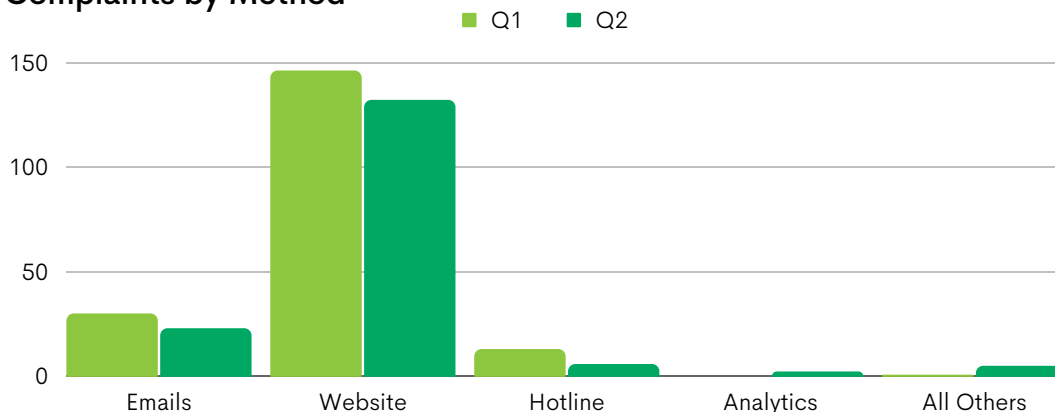
Complaints

The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. The OIG initiates investigations, reviews, and audits in response to complaints or concerns it receives or upon the OIG's initiative. Following a preliminary review and assessment of the complaint, OIG staff make a determination on whether to open an investigation or other matter. Matters may be declined for a variety of reasons including but not limited to: insufficient information, lack of jurisdiction, or no violation presented.

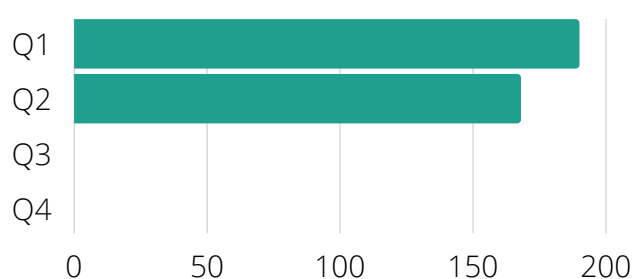
The OIG received 168 complaints in the second quarter of 2022. Of those complaints, the OIG referred 98 complaints to various relevant CHA departments and outside agencies; provided investigative support to internal and external stakeholders in response to 7 complaints, and declined 48 complaints. The OIG did not open any new investigations this quarter. As of June 30, 2022, a total of 16 complaints, including one received in the first quarter of 2022, remained pending for further evaluation.

Below are a series of tables showing statistical information on the OIG complaints received in the second quarter of 2022.

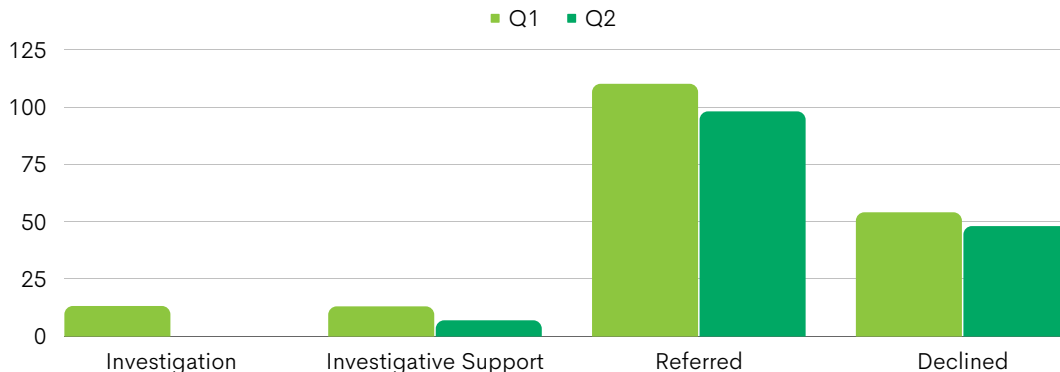
Complaints by Method



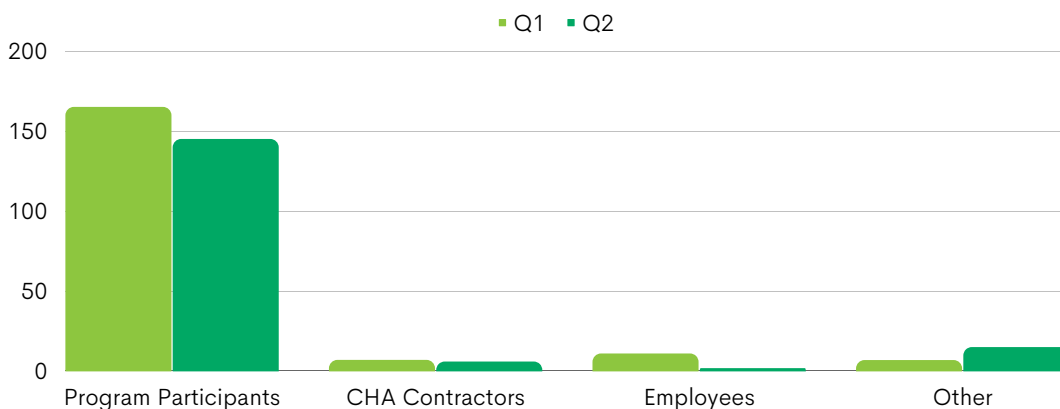
Total Complaints by Quarter



Complaints by Disposition

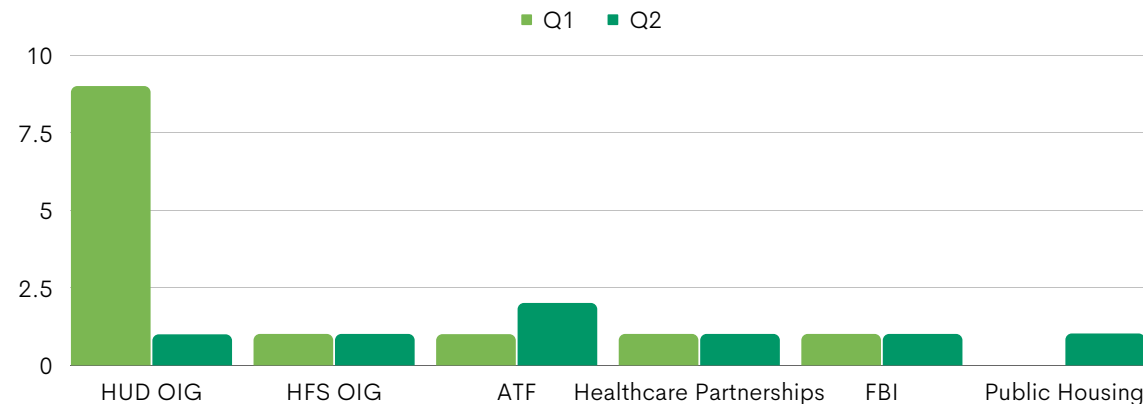


Subjects of Complaints



Investigative Support

The OIG regularly receives requests from various external and internal partners for investigative support on matters within the OIG's jurisdiction. These requests often take the form of discrete requests for information, due diligence, or data analysis. In the second quarter of 2022, the OIG provided investigative support in response to 7 complaints: 1 internal request from CHA Healthcare Partnerships, 1 internal request from the Property and Asset Management department, 1 from HUD OIG, 1 from the Federal Bureau of Investigations, 2 from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, and 1 from the Illinois Department of Healthcare and Family Services OIG.



Investigations

An OIG investigation may be administrative, criminal, or both. Administrative investigations generally involve violations of HUD regulations and/or CHA rules, policies, or procedures. An administrative case is sustained if the preponderance of the evidence establishes a violation or the case identifies a particular issue that warrants an advisory to CHA management. For sustained administrative investigations, the OIG produces either an advisory or summary report of investigation with findings and recommendations for appropriate disciplinary, administrative, or other action to the CEO and the impacted department. The OIG will report management's response in each quarterly report.

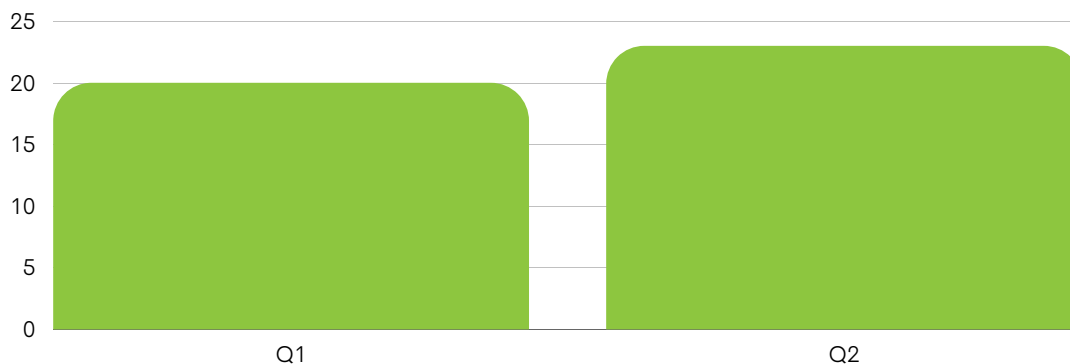
In criminal investigations, if there is sufficient evidence for potential prosecution, the OIG presents the evidence to a prosecuting agency for review. Investigations that result in criminal charges are reported to CHA management and the Finance and Audit Committee. A criminal matter that results in a final criminal conviction is closed sustained.

A case is not sustained when the OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A case is closed with no further action warranted ("closed -NFA") when, in OIG's assessment, the matter has been or is being appropriately addressed by another agency or department, the matter was consolidated with another investigation, or, the OIG determines that no further investigative action is warranted based on the specific circumstances presented.

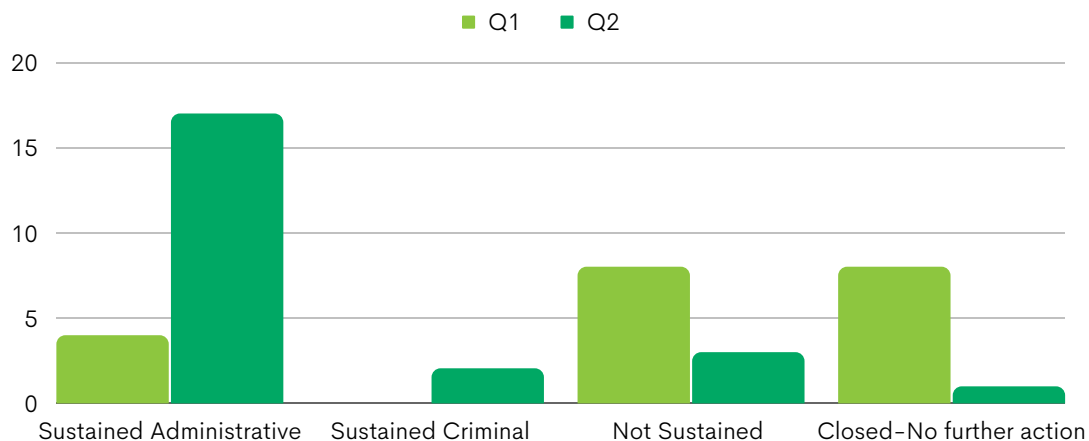
Investigations Closed During the Quarter

In the second quarter of 2022, the OIG closed 23 investigations. Of those cases, 19 were sustained, 3 were not sustained, and 1 closed with no further action warranted. Of the sustained cases, 17 were sustained for administrative violations, and two were sustained with criminal convictions and sentencing.

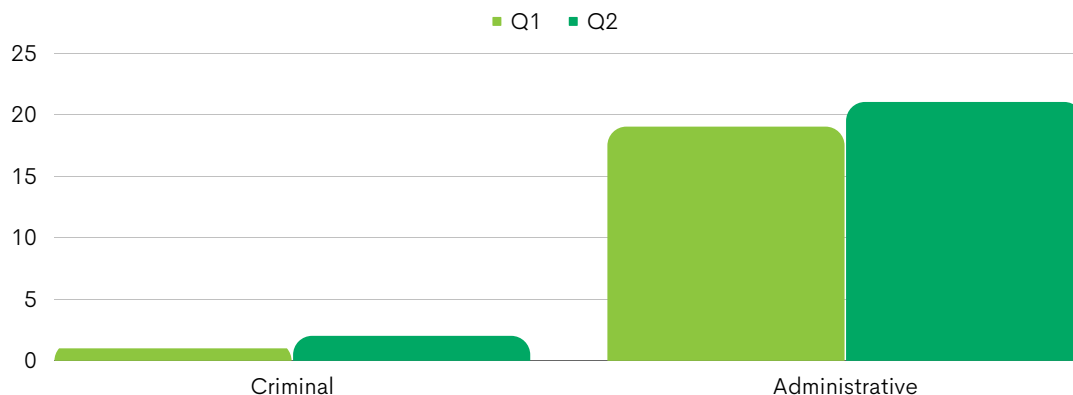
Closed Investigations by Quarter



Disposition of Closed Investigations

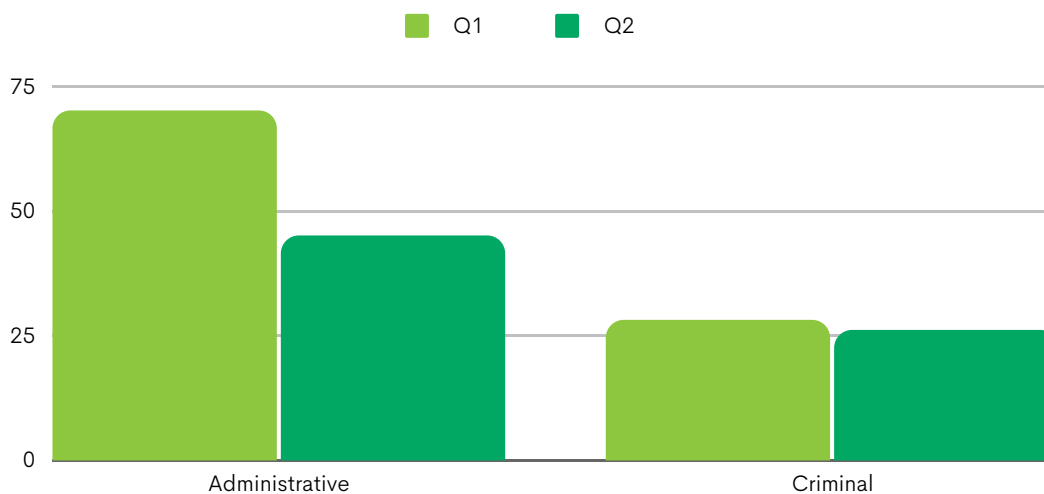


Closed Criminal and Administrative Cases



Pending Criminal and Administrative Investigations

At the close of the second quarter, the OIG had a total of 71 pending investigations. Of the 71 pending investigations, 45 are administrative and 26 criminal.



Investigations Not Concluded Within Six Months

Under the Office of the Inspector General Charter, the OIG must provide statistical data on pending investigations/matters open for more than six months. Of the 71 pending investigations, 63 have been open for at least six months. The following table shows the reasons why these matters remain open.

Reasons	Number of Investigations
Complex investigations, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	20
Indicted cases, but no criminal disposition	9
On-hold or delayed due to other ongoing time-sensitive investigations	34
Total	63

Recoveries

This quarter, OIG investigations resulted in two court orders for restitution payable to the CHA. The recoveries are listed below and further detailed in the criminal case summaries.

Case Name	Date of Restitution Order	Amount
U.S. v. Barrow, 19-CR-00650 (N.D. of Ill.) OIG # 2014-07-00043	6/08/22	\$184,817.00
People v. Mong, 19 CR 1092601, (Cook Cty. Cir. Ct.) OIG # 2016-02-00046	5/31/22	\$40,000
Q2 TOTAL		\$224,817.00

Criminal Cases

This quarter, OIG investigations resulted in two criminal indictments, two guilty pleas and convictions, and two defendants were sentenced. These cases are summarized in detail below. At the end of the second quarter of 2022, 9 OIG criminal investigations were pending in court, including one investigation that resulted in two indictments. The chart below outlines the status of those cases. Please note that charges in an indictment are not evidence of guilt, and the defendant is presumed innocent until proven guilty in a court of law.

Indictments

Indictments of Carla Rios and Sylvia Rodriguez, HCV Program Fraud

People v. Rios, 22-CR-0694301 & People v. Rodriguez, 22-CR-0694401, (Cook Cty. Cir. Ct.), OIG #2019-07-00005

On June 15, 2022, the Grand Jury sitting in the Circuit Court of Cook County returned a four-count indictment charging former Housing Choice Voucher (HCV) participant Carla Rios with State Benefits Fraud (Class 3 felony) and three counts of Forgery (Class 3 felony). The Grand Jury also returned a two-count indictment charging Rios's sister, Silvia Rodriguez, with Theft of Government Property (Class 1 felony) and Forgery (Class 3 felony). Rodriguez was the owner of the HCV property where Rios purportedly resided with her voucher.

The indictment stems from an OIG investigation, which found that, from September 2015 to March 2021, Rios fraudulently obtained housing benefits totaling over \$60,000 from the CHA. The payments related to these housing benefits were sent by the CHA, via direct deposit, to an account held by her sister, Rodriguez.

The OIG investigation revealed that Rios failed to report to the CHA various sources of income and residential properties she jointly owned with her husband. Rios resided in one of these properties during the time she was supposed to be residing in the HCV unit. The investigation further revealed that Rodriguez received the monthly payments from the CHA despite knowing Rios did not live in the HCV unit, and in fact, resided there herself. Rodriguez also submitted numerous fraudulent documents to the CHA alleging she was not the sister of Rios, a violation of CHA policy. The CHA terminated Rios's voucher in March 2021.

Prosecution of the matter is being handled by the Illinois Attorney General's Office, Public Integrity Bureau. The OIG's investigation will remain open pending the outcome of the criminal court proceedings.

Notable Developments in Criminal Cases

Sentencing of Major Barrow, Public Contractor Fraud

U.S. v. Barrow, 19-CR-00650 (N.D. of Ill.), OIG # 2014-07-00043

On June 8, 2022, Major Barrow, president and owner of Barrow Construction, was sentenced before the Honorable Judge Edmund Chang in the U.S. District Court, Northern District of Illinois, for his crime of wire fraud committed as part of a scheme to defraud the CHA. Barrow was ordered to pay restitution to the CHA in the amount of \$184,817.00. The Court declined to impose incarceration or probation in accordance with the U.S. Attorney's Office recommendation for a non-custodial sentence due to Barrow's declining health.

Barrow's company, Barrow Construction, was a business located in Oak Lawn, IL, that provided maintenance and renovation services. Barrow Construction entered into multiple subcontract agreements to provide maintenance and renovation services to property management (PPM) companies at CHA sites. Barrow's contracts for work at CHA properties totaled approximately \$345,532 in CHA funds, including wages purportedly paid to Barrow Construction employees.

The OIG's investigation found that Barrow Construction submitted multiple false representations regarding its labor practices. In documents submitted to the CHA, Barrow Construction falsely represented that it paid prevailing wages as set forth in Davis-Bacon regulations. Additionally, Barrow knowingly prepared weekly certified payroll reporting forms that contained materially false statements regarding the dates of work performed by the employees; the wages paid to the employees; the financial instruments used to pay the employees; and the withholding of relevant taxes from the employees' wages.

Barrow had been charged on August 15, 2019, with two counts of wire fraud for transmitting fraudulent certified payroll reports to the CHA and the PPMs by means of wire communication through interstate commerce. The OIG has closed this matter as sustained.

Guilty Plea and Conviction of Evelyn Massey, HCV Program Fraud

People v. Massey, 21 CR 58201, (Cook Cty. Cir. Ct.) OIG # 2017-06-00022

On June 6, 2022, the day she was scheduled for trial, Evelyn Massey, an HCV participant, pleaded guilty in the Circuit Court of Cook County to one count of wire fraud relative to a scheme to defraud the CHA of more than \$188,000. Massey's sentencing is scheduled for August 31, 2022.

An OIG investigation revealed that from November 2000 through February 2018, Massey fraudulently received housing benefits totaling over \$188,000 by concealing her ownership in the property that she resided in with her CHA voucher.

Massey became a CHA HCV participant in 1994. She rented a house owned by her father, which, at the time, was permitted under the program. Massey's father died in October 2000, and the home was ultimately deeded to her. Instead of notifying the CHA, Massey repeatedly submitted documents continuing to identify her father as the owner of the property and failed to disclose her ownership of the property, despite being the recorded owner and receiving a loan secured by a mortgage on the property. Massey further submitted documents directing the housing assistance payments be deposited to a bank account she controlled.

Massey was charged on January 20, 2021, with one count of Class X Felony Theft, three counts of Class 1 Felony Theft, one count of Wire Fraud (Class 4 Felony) and three counts of Forgery (Class 3 Felony). Prosecution of the matter is being handled by the Illinois Attorney General's Office, Public Integrity Bureau.

The HCV department stopped payment of Massey's voucher in 2018, but termination of the voucher was held pending the outcome of the criminal case. The OIG therefore referred this information to the HCV department for final administrative termination of Massey's voucher. The CHA OIG investigation will remain open pending the outcome of Massey's sentencing.

Guilty Plea & Sentencing of Agwu Mong, Public Housing Fraud

People v. Mong, 19 CR 1092601, (Cook Cty. Cir. Ct.), OIG # 2016-02-00046

On May 31, 2022, Agwu Mong, a former CHA public housing participant, pleaded guilty to one count of Felony Theft and one count of Forgery in the Circuit Court of Cook County, relative to a scheme to defraud the CHA. The Honorable Judge Maria Kuriakos Ciesil sentenced Mong to serve two years of probation and to pay restitution to the CHA in the amount of \$40,000.

Mong was a CHA leaseholder at the CHA's Altgeld Gardens / Phillip Murray development from January 2010 until he was evicted in September 2016. The CHA OIG's investigation revealed that during the time Mong was a CHA leaseholder, he concealed the fact that he was also the owner of a multi-unit, residential property located in the Austin neighborhood of Chicago, for which he was receiving rental income. In addition, Mong did not actually reside in his CHA unit at Altgeld Gardens and instead used it as a source of income by renting it to multiple sub-lesors.

Mong had been charged on August 6, 2019, with Felony Theft and multiple counts of Forgery. The matter was prosecuted by the Cook County State's Attorney's Office, Public Corruption / Financial Crimes Unit. Senior Investigator Justin King handled the case for the CHA's OIG.

Mong was evicted from the CHA public housing unit in September 2016 but has been a CHA HCV landlord for multiple properties at various times under the vendor names Agwu Mong and Mong Properties Inc. At the time of his guilty plea, Mong was receiving one Housing Assistance Payment (HAP) for one apartment in a property he owns. The OIG referred this additional finding to the HCV department for appropriate administrative action.

The OIG is working with the CHA's Office of General Counsel to ensure Mong's Order of Restitution is enforced through a filing with the Circuit Court for civil enforcement in accordance with 730 ILCS 5/5-5-6(m). The CHA OIG has closed this matter as sustained.

Criminal Cases Pending in Court

Case Name	Indictment	Summary of Charges	Updates
People v. Rodriguez, 22-CR-0694401 (Cook Cty. Cir. Ct.)	6/15/22	Class 1 felony theft, forgery	Arraignment set for July 22, 2022
People v. Rios, 22-CR-0694301 (Cook Cty. Cir. Ct.)	6/15/22	State benefits fraud, multiple forgery counts	Arraignment set for July 22, 2022
People v. Brown, 22-CR-0281301 (Cook Cty. Cir. Ct.)	3/2/2022	Class X felony theft and forgery	Status hearing set for September 7, 2022
People v. Spruill, 22-CR-0228801 (Cook Cty. Cir. Ct.)	2/16/2022	Class 1 felony theft, class 2 felony theft, wire fraud, and forgery	Status hearing on August 18, 2022
People v. Carney, 21-CR-1492801 (Cook Cty. Cir. Ct.)	12/21/2021	Felony theft, wire fraud, and forgery for fraudulent receipt of HCV benefits	Status hearing on July 18, 2022
People v. Massey, 21-CR-58201 (Cook Cty. Cir. Ct.)	1/20/2021	Felony theft, wire fraud and forgery	On June 6, 2022, Massey pleaded guilty in to one count of wire fraud. Massey's sentencing is scheduled for August 30, 2022.
People v. Lumpkins, 21-CR-0069001 (Cook Cty. Cir. Ct.)	12/30/2020	Class X felony theft	Status hearing on July 13, 2022
U.S. v. Coleman, 20-CR-00099 (U.S. District Ct.)	2/14/2020	Felony wire fraud	Coleman's sentencing was continued to September 6, 2022.
U.S. v. Kowalski, 19-CR-00226-01 (U.S. District Ct.)	3/10/2019 Multiple superseding indictments	Conspiracy to commit embezzlement, bankruptcy fraud, tax fraud.	Jury trial set for September 26, 2022.
People v. Hawthorne, 16-CR-1222901 (Cook Cty. Cir. Ct.)	8/8/2016	Six felony counts including theft, forgery and continuing financial crimes enterprise	Hawthorne pleaded guilty. Sentencing is delayed pending her payment of restitution.

Sustained Administrative Investigations

The following summaries provide information regarding sustained administrative investigations and any management response received within 30 days of the matter's closing. An administrative investigation is sustained if a preponderance of the evidence establishes a violation of law, policies, rules, or regulations or finds waste or inefficiency. In such cases, the OIG issues recommendations to management for enforcement action, discipline, debarment, or other corrective action.

Unauthorized Occupant of Public Housing, OIG # 2020-03-00035

An OIG investigation found that a resident of Wentworth Gardens appeared to have an adult son living as an unauthorized occupant in their public housing unit. The OIG's investigation was based on an allegation that the son was an unauthorized occupant at a rental unit where his wife and children were receiving an HCV rental subsidy. In response, the son provided documentation to show he resided with his parent, a public housing resident. The OIG recommended that the Property and Asset Management (PAM) Office refer the information to the Private Property Management (PPM) firm for appropriate enforcement action in accordance with the Admissions and Continued Occupancy Policy.

In response, PAM instructed the property manager to follow up with the resident to remind them of the policies regarding visitors and unauthorized guests.

Property Owner Receiving Rental Subsidy, HCV Fraud, OIG # 2017-06-00021

An OIG investigation found that a former HCV participant and their son committed a decades-long fraud against the CHA's HCV program, in which they obtained approximately \$200,000 in benefits to which they were not entitled. Specifically, the participant concealed the fact that they owned the property where they were receiving an HCV rental subsidy to reside, while their son falsely claimed to own the property and the bank accounts to which the HAP payments were directed. In fact, the HCV participant was the sole signatory to the bank accounts where they received the CHA rental payments. Although the matter was declined for criminal prosecution, and the HAP payments had since stopped the OIG recommended the HCV department review the matter for appropriate administrative action, including the suspension of the participant's son as an HCV landlord and any other available remedies.

In response, the HCV department stated that it would add the participant's son and purported landlord to the Do Not Lease List and would add the amount owed to HUD's Debts Owed system for the former participant.

Updates to Prior Sustained Administrative Investigations

Concealment of Spousal and Business Income, False Statements on Application, HCV Program Fraud, OIG #2016-04-00061

As previously reported in the fourth quarter of 2021, an OIG investigation found that an HCV participant provided false information on HCV applications by falsely declared they were single and failing to disclose their spouse's income. Additionally, the participant failed to disclose business income as the sole proprietor of a management consulting services company, which they claimed to have received for purposes of obtaining a Paycheck Protection Program (PPP) loan of \$20,000. This PPP loan directly contradicts the participant's multiple statements to CHA in which they reported having no income.

The OIG's investigation additionally found that the HCV participant's spouse was also an HCV participant, receiving rental assistance at a separate address. The OIG determined that the spouse had also falsely declared to CHA that they were unmarried and falsely claimed additional household members to qualify for a voucher. In 2017, the OIG provided this information to HCV, and HCV initiated enforcement action against the spouse, prompting them to relinquish the voucher. At that time, the HCV department declined to pursue administrative action related to the participant's voucher based on a lack of documentary evidence that the spouse resided with the participant at the subsidized address. After the matter was declined for criminal prosecution, the OIG recommended that HCV initiate enforcement action against the participant for providing false information to CHA and failing to disclose income, including business income.

In response, HCV initiated enforcement proceedings and ultimately issued a notice of Intent to Terminate the voucher. The family initially requested an administrative hearing, but after receiving the evidence to be presented at the hearing, the participant relinquished the voucher.

LAC Mismanagement, Conflicts of Interest, and Mishandling of Funds

Cabrini Green Local Advisory Council v. The CHA et al., OIG # 2016-12-00051

As previously reported in the second quarter report of 2021, the U.S. District Court approved a settlement order on April 21, 2021, between the CHA, City of Chicago, and Cabrini Green Local Advisory Council (LAC), requiring the then-board members of the Cabrini Green LAC Community Development Corporation (CDC) to resign and the establishment of a "caretaker board" tasked with identifying new CDC board membership and hiring professional staff. The Cabrini Green LAC CDC is projected to receive over \$7 million in revenue from the redevelopment of Cabrini Green pursuant to the Consent Decree.

The settlement was the result of an OIG investigation of the Cabrini Green LAC CDC Board, which found that, despite receiving over \$1.5 million between 2015 and 2019, the CDC provided little or no benefits to the displaced and current residents of Cabrini Green. The CDC frequently violated policies regarding conflicts of interest and allowed CDC Board members their friends and family to receive CDC funding. As found by the Court, the Board used \$25,106 in petty cash with no recorded purpose and misspent CDC funds on payments to the father of the sons of the CDC's then-President Carol Steele, and to cover funeral expenses of Steele's brother. The CDC failed to observe IRS regulations for tax-exempt organizations, potentially risking its eligibility for government tax credits. Expenditures and actions taken by the Board were often not documented or recorded in Board minutes. Board President Carol Steele, who served as both the LAC President and CDC President since September 1, 2016, controlled all aspects of the CDC decision making process and had appointed all CDC Board members since 2009.

On March 31, 2022, the District Court entered an additional order prohibiting the removed CDC officers, Carol Steele, JoAnn Hollie, Lynell Dillon, Lena Wells, and Vincent Davis, "from occupying any corporate officer or director role in CDC or any other LAC operating entity that takes its place pursuant to the Consent Decree...and from being involved in any [Cabrini LAC] operating entity's responsibilities as set out in Section III.A.1 of the Consent Decree."

The latest order was the result of the Court's finding that, even after it had entered an interim-relief order requiring strict recordkeeping and disclosures of expenditures, "Carole Steele signed a \$7,200 check to her son, Travaughn Steele, as purported 'severance pay' on around July 20, 2021" and did not disclose the expenditure as required. "On top of that," the Court wrote, "Steele and then-Board members JoAnn Hollie, Lynell Dillon, Lena Wells, and Vincent Davis also paid themselves . . . each a purported 'stipend' of \$2,000," also undisclosed and in knowing, direct violation of the CDC Articles of Incorporation & By-Laws. The former directors and Travaughn Steele agreed to pay back the funds, but the Court determined that further sanction was warranted and barred them from any future role "in an officer or director position of CDC (or any successor corporation under the Consent Decree."

Audits and Reviews

Mixed Finance/Mixed Income Property Rent Collection Audit

This quarter the OIG initiated an audit of CHA Mixed Finance/Mixed Income Property Rent Collection and Accounts Receivables. The OIG will review Mixed Finance development eligibility examinations and rent collection/accounts receivable activities, for CHA participants to determine whether:

1. CHA has adequate controls to ensure Management Agents are appropriately collecting mixed income tenant rents, and
2. Management agents for the properties:
 - a. Perform timely and accurate family income determination (reoccurring) examinations as reflected in the CHA's system of record, Yardi.
 - b. Perform timely and accurate CHA tenant rent collection activities, including entry of corresponding receipt and deposit transactions into Yardi.
 - c. Update participant "Resident Ledgers" within Yardi timely and accurately and include adequate documentation for any manual adjustments.
 - d. Return unused security deposit to tenant within 45 days.
 - e. Accurately report their rent reserve balances.

The PAM and Finance Departments have responded to OIG document requests and the audit is underway.

Demonstration Programs and Special Initiatives Admissions Audit

This quarter the OIG received the HCV Department's response to the revised draft report of the Demonstration Programs and Special Initiatives Admissions Audit. The OIG met again with HCV staff to discuss the draft and is working to ensure the final draft is based on complete data. This audit is expected to be finalized by the end of the next quarter.

Additional Pending Audits

Other pending audits include the HCV Abatement Audit, PAM Unit Vacancy Rate Audit, and Procurement Reform Task Force (PRTF) Audit. These audits are expected to be finalized by the end of next quarter. The OIG appreciates CHA management for their willingness to engage in the audit process and continue to improve CHA programs.

Management Advisories and Memos

OIG management advisories and memos seek to notify the CHA of various management and operational issues identified by OIG through analytics, audits, or investigations. The OIG provides advisories to describe opportunities to strengthen program administration, improve program controls, or eliminate waste or inefficiencies.

This quarter, the OIG did not issue any advisories.