



2022  
Quarter 4  
Report

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**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**

January 13, 2023

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

Enclosed is the 2022 Fourth Quarter Report on the activities of the Chicago Housing Authority (CHA) Office of the Inspector General (OIG) from October 1, 2022, through December 31, 2022. Pursuant to the OIG Charter, this report contains statistical information and summaries of OIG investigations, audits, and other activities. This year was extremely productive for the OIG. In February 2023, the OIG will publish its 2022 Annual Report, which will provide an overview of the OIG's activities for the year and combined annual statistics.

This quarter, OIG staff worked diligently to accomplish the following for CHA:

- **OIG Staff Provided Training to Hundreds of CHA Employees and Contract Personnel** – Throughout the fall, OIG staff conducted trainings on the OIG's role, OIG investigations and audits, and employee and contractor responsibilities to report misconduct to the OIG. The OIG provided these trainings in-person to all CHA departments and virtually for all HCV program contractor employees. The trainings were very well received and helped to increase awareness of the OIG. The OIG intends to continue this training initiative in 2023.
- **Two New Indictments of Individuals Accused of Defrauding the HCV Program** – In late December, two OIG investigations resulted in criminal indictments. The first case involves a woman who, for years, used two social security numbers, one to work, and another to obtain public benefits for subsidized housing. The second case charges a former HCV property owner with defrauding the CHA by purporting to be a legitimate HCV landlord, when in fact, he lived in the property with the HCV tenant and his child; he ultimately received over \$100,000 in HCV subsidy to live in a house he owns.
- **OIG Analytics Resulted in Two Management Advisories to Improve Public Housing and HCV Program Integrity** – In OIG Advisory #24, the OIG notified management of an issue with the Public Housing Waitlist. The OIG determined that some applicants, who were selected for screening but not successfully placed in housing, were not returned to the waitlist in a timely fashion, and in some instances, when they were finally returned to

the waitlist, they incorrectly lost all waitlist seniority. In Advisory #25, OIG analytics identified HCV property owners and related entities that appeared on the City of Chicago's Building Code Scofflaw list, but which had not been suspended from the HCV program, as required. In response to both advisories, CHA management thanked the OIG and initiated the necessary steps to rectify the issues.

- **OIG Identifies Potential Lack of Clarity in CHA By-Laws** – In December, the OIG issued a management letter to the Board of Commissioners and CEO, following the OIG's receipt of a complaint regarding the method by which CHA management implemented a change to the employee vacation policy. While the OIG's investigation identified no evidence of misconduct, the investigation revealed an existing lack of clarity and consensus regarding the intent of CHA Board By-Laws with respect to the scope of authority delegated to the CEO and the appropriate level of Board access to information regarding CHA operations. The OIG recommended the Board consider revising its By-Laws to avoid any such concerns in the future. The OIG further recommended that the Board and CEO ensure they have a clear, shared understanding of their working relationship, and continually review the By-Laws and resulting operations to ensure CHA leadership is working together, efficiently and productively, to further the mission of the CHA.

In closing, the OIG is particularly proud to serve as a trusted and independent resource for all CHA stakeholders, including employees, contractors, public housing residents, and HCV participants and owners. We strive to approach all complaints and inquiries with an objective mind and seek solutions wherever possible. We look forward to continuing to serve the CHA to promote integrity, honesty, and excellence in all facets of CHA operations.

Please do not hesitate to contact me directly at [krichards@thecha.org](mailto:krichards@thecha.org) or 312-913-7114 with any questions or concerns.

Respectfully submitted,



Kathryn B. Richards  
Inspector General

# TABLE OF CONTENTS

# PAGE

MISSION OF THE OIG	5
INVESTIGATIONS AND AUDIT PROGRAM REVIEW STANDARDS	6
COMPLAINTS	7
• COMPLAINTS BY METHOD	7
• TOTAL COMPLAINTS BY QUARTER	7
• COMPLAINTS BY DISPOSITION	8
• SUBJECTS OF COMPLAINTS	8
• INVESTIGATIVE SUPPORT	8
• CLASSIFICATION OF COMPLAINTS OPENED AS INVESTIGATIONS	8
INVESTIGATIONS	9
• CLOSED INVESTIGATIONS	9
• DISPOSITION OF CLOSED INVESTIGATIONS	10
• PENDING INVESTIGATIONS	10
• INVESTIGATIONS NOT CONCLUDED WITHIN SIX MONTHS	11
• RECOVERIES	11
CRIMINAL CASES	12
• INDICTMENTS	12
• NOTABLE DEVELOPMENTS IN CRIMINAL CASES	13
• CRIMINAL CASES PENDING IN COURT	14
SUSTAINED ADMINISTRATIVE INVESTIGATIONS	17
AUDITS AND REVIEWS	20
MANAGEMENT ADVISORIES AND MEMOS	20



## Mission of the OIG

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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

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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.

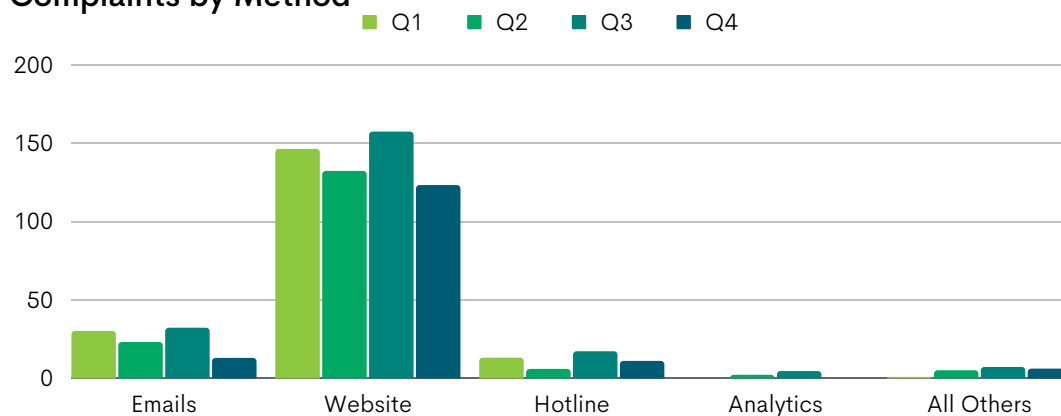
The OIG's most recent peer review was completed September 2022. The Peer Review Team concluded, without reservation, that OIG's work for the years 2019-2021 met the applicable professional standards.

## Complaints

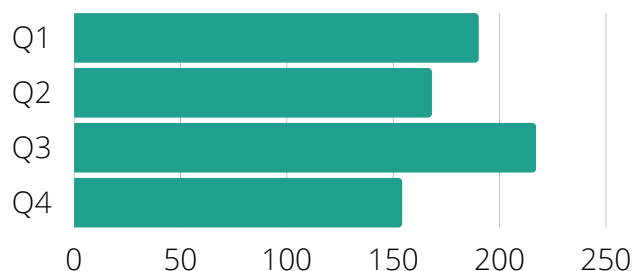
The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. The OIG initiates investigations, reviews, and audits in response to complaints or concerns it receives or upon the 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 154 complaints in the fourth quarter of 2022. Of those complaints, the OIG referred 76 complaints to various relevant CHA departments and outside agencies; provided investigative support to internal and external stakeholders in response to 2 complaints, and declined 62 complaints. The OIG opened 4 new investigations this quarter. As of December 31, 2022, a total of 18 complaints, including 1 received in the second quarter, 7 from the third quarter, and 10 from the fourth quarter of 2022 remained pending for further inquiry before resolution. In most instances, the OIG is working to obtain further documentation or information before deciding whether to open a full investigation. Below are a series of tables showing statistical information on the OIG complaints received in the fourth quarter of 2022 and as compared to all other quarters this year.

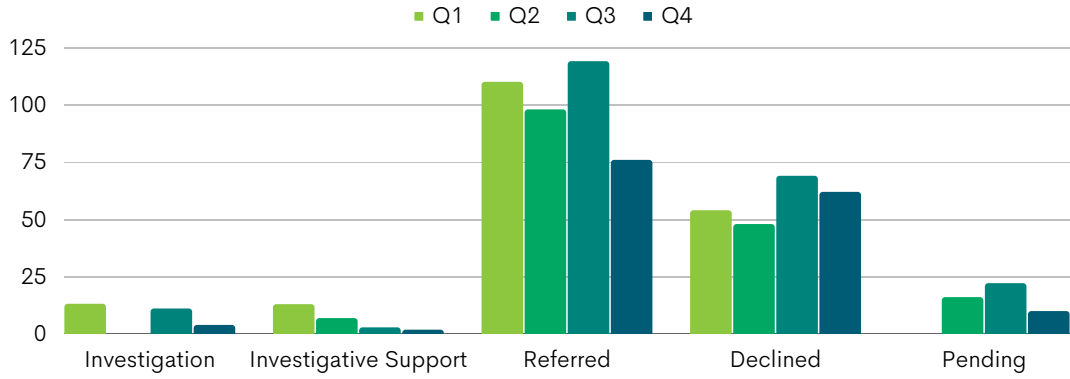
### Complaints by Method



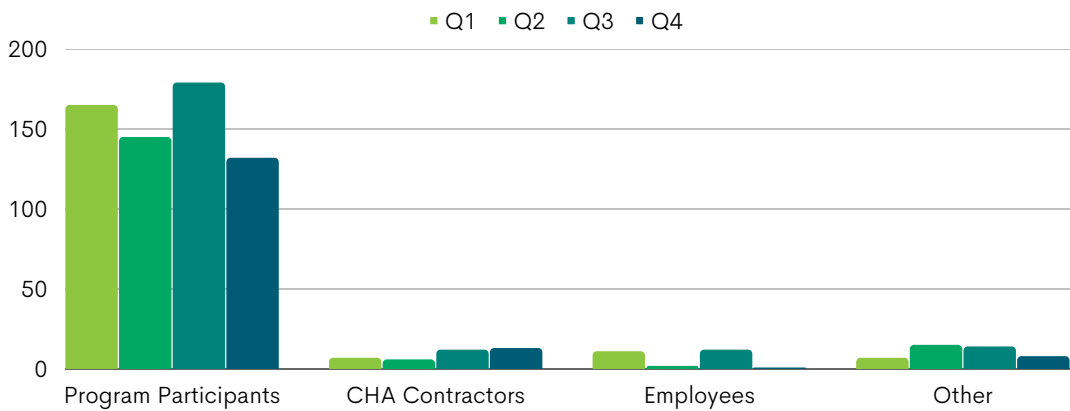
### Total Complaints by Quarter



### 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 fourth quarter of 2022, the OIG provided investigative support in response to 2 complaints: 1 from the Illinois Department of Health and Family Services and 1 from the U.S. Postal Inspection Service.





## 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.

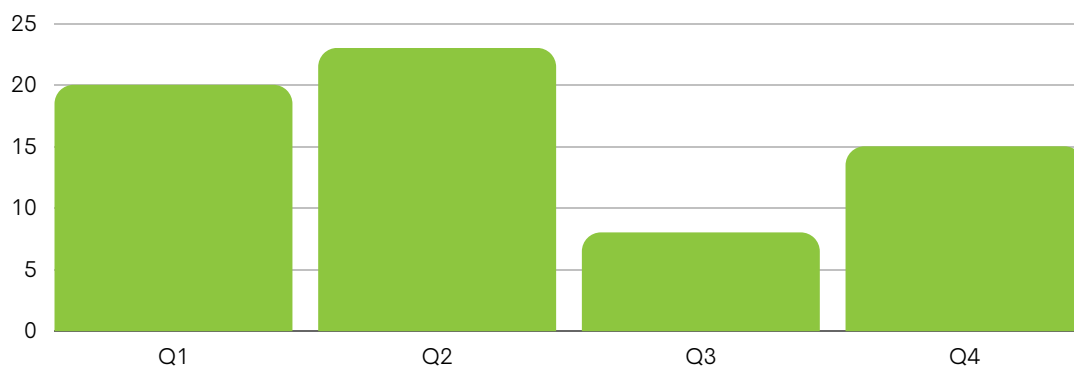
In criminal investigations, if there is sufficient evidence for potential prosecution, the OIG presents the evidence to a prosecuting agency for review. Investigations that result in criminal charges are reported to CHA management and the Finance and Audit Committee. A criminal matter that results in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

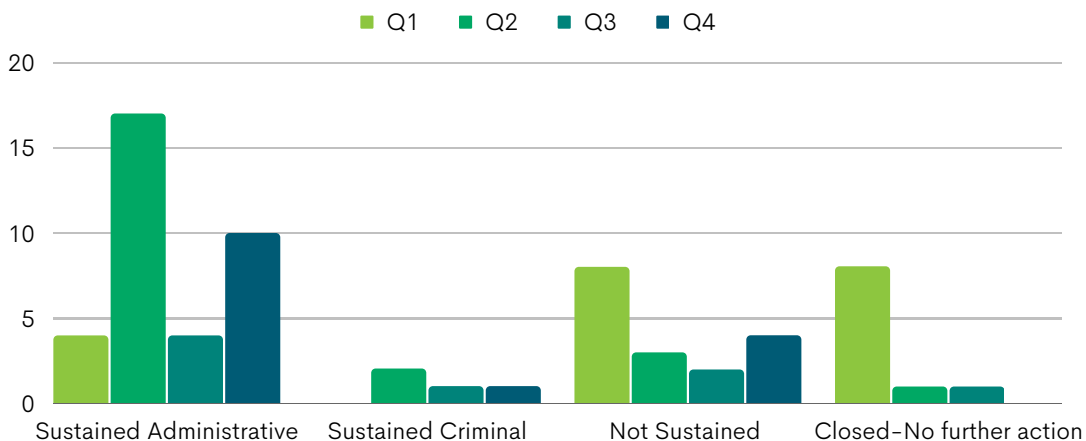
### Investigations Closed During the Quarter

In the fourth quarter of 2022, the OIG closed 15 investigations. Of those cases, 11 were sustained and 4 were not sustained. Of the sustained cases, 10 were sustained for administrative violations, and one was sustained with a criminal conviction and sentencing.

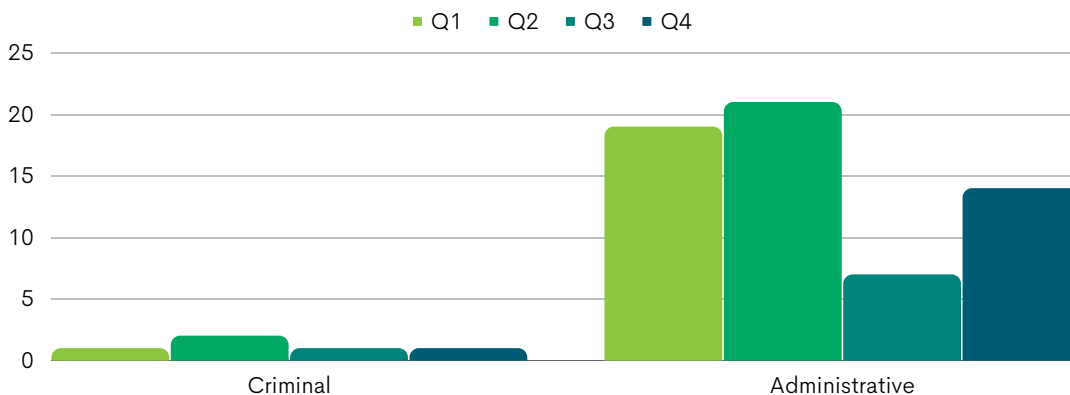
#### Closed Investigations by Quarter



### Disposition of Closed Investigations

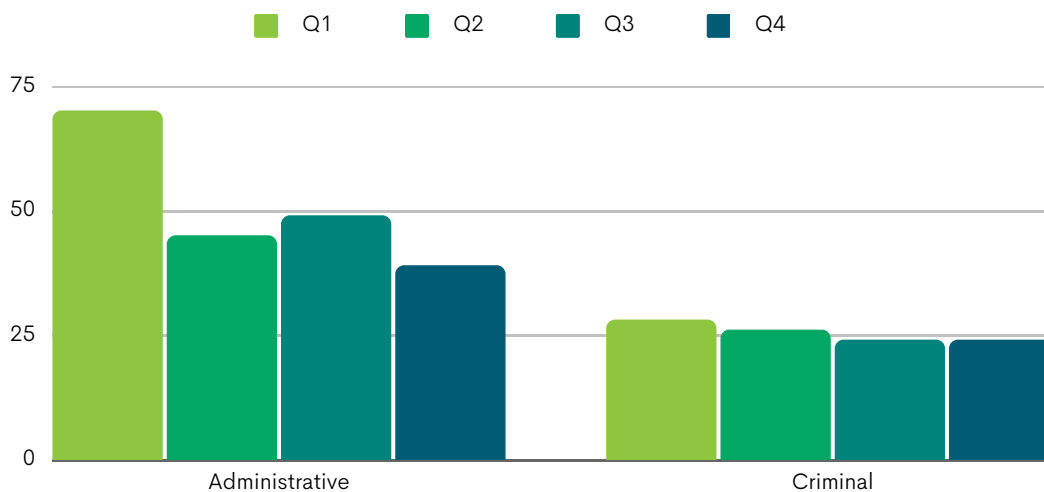


### Closed Criminal and Administrative Cases



### Pending Criminal and Administrative Investigations

At the close of the third quarter, the OIG had a total of 63 pending investigations. Of the 63 pending investigations, 39 are administrative and 24 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 63 open investigations, 53 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	17
Indicted cases, but no criminal disposition	10
On-hold or delayed due to other ongoing time-sensitive investigations	26
<b>Total</b>	<b>53</b>

## Recoveries

This quarter, the CHA received funds from one defendant ordered to pay restitution as a result of a prior OIG criminal investigation. The recoveries are listed below.

Case Name	Date of Restitution Order	Amount
State of Illinois v. Wanda Goodloe, 2016-CR-0628801, (Cook Cty. Cir. Ct.) OIG #2014-04-00056	10/13/22	\$245
<b>Q4 Total</b>		<b>\$245</b>

## **Criminal Cases**

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This quarter, OIG investigations resulted in two new criminal indictments, two guilty pleas, and the sentencing of a defendant. These cases are summarized in detail below.

At the end of the fourth quarter of 2022, 10 OIG criminal investigations were pending in court, including one investigation that resulted in two separate criminal 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**

#### **Indictment of Lanell Townsend, former HCV Landlord** **People v. Townsend, 22-CR-0017401 (Cook Cty. Cir. Ct.), OIG #2017-06-00003**

On December 21, 2022, the Grand Jury sitting in the Circuit Court of Cook County returned a three-count indictment charging former Housing Choice Voucher (HCV) landlord, Lanell Townsend with Theft by Deception Exceeding \$100,000 (Class 1 Felony), Forgery (Class 3 Felony), and Wire Fraud (Class 3 Felony). The indictment stems from a CHA OIG investigation worked in conjunction with the U.S. Department of Housing and Urban Development (HUD) OIG.

The investigation revealed that from approximately February 2010 to January 2020, Townsend fraudulently received Housing Assistance Payments (HAP) as an HCV landlord by residing with the HCV participant and their daughter in two subsidized properties that he owned. From February 2010 through May 2015, Townsend received payments from the CHA as a landlord for a property he owned in Chicago, IL, while failing to disclose he resided with the HCV participant, and was the father of a minor occupant on the voucher.

From May 2016 to January 2020, Townsend received payments from the Housing Authority of Cook County (HACC) as a landlord for a property he owned in Sauk Village, IL, while failing to disclose he resided with the HCV participant, and was the father of a minor occupant on the voucher. Despite HACC administering the voucher, the CHA was still responsible for the HAP. In total, Townsend fraudulently received HAP totaling over \$106,000.00.

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

**Indictment and Guilty Plea of Brenda Jones, HCV Participant**  
**U.S. v. Jones, 22-CR-612, (N.D. Ill.); OIG #2018-07-00007**

On December 27, 2022, Brenda Jones, an HCV participant, pleaded guilty in the U.S District Court for the Northern District of Illinois to one count of theft of government funds in violation of 18 USC § 641, for her scheme to defraud the CHA and the Social Security Administration (SSA).

As Jones acknowledged in her plea agreement, she used two Social Security Numbers (SSNs) to enable her to conceal her work activity, income, and assets from the CHA. While working using the second SSN, Jones used the first SSN in connection with her CHA applications and related benefits. Based on the false and misleading information provided by Jones, the CHA made Housing Assistance Payments to Jones's landlords.

From approximately October 2004 to December 2017, Jones caused the CHA to issue an overpayment of HCV benefits in the amount of \$29,644.00. In addition, from approximately May 2003 to December 2017, Jones caused the SSA to issue her approximately \$70,839.90 in Supplemental Security Income benefits, which she was not entitled to receive.

As part of the plea agreement, Jones agreed to pay restitution in the above amounts to the CHA and SSA, respectively. The plea agreement was entered pursuant to an Information filed on November 16, 2022. Jones's sentencing date is currently not set, pending receipt of the pre-sentence investigation and sentencing memoranda.

The CHA OIG worked the investigation in partnership with the SSA OIG. Prosecution of the matter is being handled by the U.S. Attorney's Office for the Northern District of Illinois. The OIG's investigation will remain open pending the outcome of Jones's sentencing. Following the filing of Jones's guilty plea, the OIG referred the matter to the HCV department for administrative termination of benefits. HCV immediately began the process for termination of benefits.

**Notable Developments in Criminal Cases**

**Guilty Plea of Maurice Green, Pillar Insurance Services, LLC**  
**U.S. v. Green, 22-CR-391 (N.D. Ill.); OIG #2018-12-00002**

On August 11, 2022, Maurice Green, owner of Pillar Insurance Services, LLC, was charged by information in the U.S District Court for the Northern District of Illinois, with one count of wire fraud, in violation of 18 U.S.C. 1343, for his scheme to sell fraudulent surety bonds to CHA construction contractors. The contractors believed they were purchasing legitimate surety bonds, which were required for their work on CHA contracts.

As detailed in the information, from approximately October 2015 through December 2018, Green and his company Pillar Insurance sold fictitious surety bonds and insurance policies purporting to be from legitimate insurance companies, when in fact those insurance companies had not issued the policies, and Pillar had not been authorized to sell them.

Green collected approximately \$270,776 in fees from CHA contractors for the fictitious bonds and policies, which had a combined purported coverage value of \$6,764,078. The CHA required certain contractors performing work for the Authority to obtain surety bonds, which would insure against those contractors' failure to perform on the contract or to pay any subcontractors. As described in the single count charged, Green defrauded a CHA construction contractor, which believed it was purchasing a legitimate surety bond.

This charge stems from an investigation by the CHA OIG in partnership with the U.S. Department of Housing and Urban Development OIG and the FBI. The U.S. Attorney's Office for the Northern District of Illinois is prosecuting the case. The CHA OIG's investigation remains open pending a final resolution of the criminal case.

### **Incarceration of Silk Lumpkins, HCV Program Fraud**

#### **People v. Lumpkins, 21-CR-0069001 (Cook Cty. Cir. Ct.) OIG #2019-09-00060**

On December 7, 2022, Silk Lumpkins, a former Chicago Housing Authority (CHA) Housing Choice Voucher (HCV) participant, pleaded guilty to violating the terms of her probation and was immediately remanded to the custody of the Illinois Department of Corrections for a sentence of three years for her crime of defrauding the CHA.

Lumpkins had previously pleaded guilty, in July 2022, to one amended count of State Benefits Fraud, a Class 3 Felony, and admitted to defrauding the CHA of more than \$100,000 in HCV housing benefits. The Honorable Judge Arthur Wesley Willis of the Circuit Court of Cook County had sentenced Lumpkins to 30 months' standard probation and restitution payable to the CHA in the amount of \$105,762.00, including \$20,000 payable on the date of the plea. Per the restitution order, Lumpkins was to make monthly payments of \$2,859.00 for the 30 months of probation.

When Lumpkins appeared in court to enter her guilty plea in July 2022, however, she personally tendered to the court a forged cashier's check payable to the CHA. In fact, and as she later admitted, she had purchased a \$20 cashier's check and altered it to appear to be a check for \$20,000. When the CHA deposited the cashier's check to its bank account, the bank returned it as unpaid.

Upon learning of the forged restitution payment, the Illinois Attorney General's Office moved to vacate the plea and sentence and also filed a petition for violation of probation. On December 7, 2022, prior to her hearing, Lumpkins admitted to forging the cashier's check in violation of her probation. Lumpkins' probation was terminated unsatisfactorily, and she was sentenced to three years in the Illinois Department of Corrections related to the original State Benefits Fraud count. Lumpkins was immediately taken into custody.

The CHA OIG's underlying investigation revealed that from November 2015 through March 2020, Lumpkins fraudulently received housing benefits totaling approximately \$110,000 by concealing the following income and assets:

- Income from employment with several major companies, through the use of an alias (Pauline Williams) and a second social security number.
- Ownership of a residential home in Crystal Lake, IL. As part of her 2013 Marital Settlement Agreement, Lumpkins received sole possession of the residential property, and was not responsible for paying the mortgage, taxes, or insurance on the property.
- Monthly rent payments she had received since 2015 from tenants that rented the Crystal Lake property.
- Monthly child support payments.
- The income of her current husband, who was also an unauthorized household member.
- In addition, Lumpkins failed to disclose on her March 2015 CHA application a federal felony conviction for a bank robbery she committed in May 2010.

Lumpkins was originally indicted on December 30, 2020, with one count of Class X felony theft, Prosecution of the matter was handled by the Illinois Attorney General's Office, Public Integrity Bureau.

## OIG Criminal Cases Pending in Court

Case Name	Indictment	Summary of Charges	Scheme	Updates
U.S. v. Jones, 22-CR-00391 (U.S. District Ct.)	12/27/2022	Theft of government funds	HCV Fraud	Awaiting sentencing date
People v. Townsend, 23-CR-0017401 (Cook Cty. Cir. Ct.)	12/21/2022	Class 1 felony theft, forgery, and wire fraud	HCV Fraud	Guilty plea and sentence entered January 12, 2023
U.S. v. Green, 22-CR-391 (U.S. District Ct.)	8/11/2022	Wire fraud	Sale of Fraudulent Surety Bonds to CHA Contractors	Sentencing set for March 17, 2023
People v. Rodriguez, 22-CR-0694401 (Cook Cty Cir Ct)	6/15/2022	Class 1 felony theft, forgery	HCV Fraud	Status hearing set for February 21, 2023
People v. Rios, 22-CR-0694301 (Cook Cty Cir Ct)	6/15/2022	State benefits fraud, multiple forgery counts	HCV Fraud	Status hearing set for February 21, 2023
People v. Brown, 22-CR-0281301 (Cook Cty Cir Ct)	3/2/2022	Class X felony theft and forgery	HCV Fraud	Status hearing set for January 17, 2023
People v. Spruill, 22-CR-0228801 (Cook Cty Cir Ct)	2/16/2022	Class 1 felony theft, class 2 felony theft, wire fraud, forgery	Property manager theft of rental receipts	Status hearing set for March 14, 2023
People v. Carney, 21-CR-1492801 (Cook Cty Cir Ct)	12/21/2021	Felony theft, wire fraud, and forgery	HCV Fraud	Status hearing set for January 19, 2023
U.S. v. Coleman, 20-CR-00099 (U.S. District Ct)	2/14/2020	Felony wire fraud	Contractor MBE Fraud	Sentencing set for March 8, 2023
U.S. v. Kowalski, 19-CR-00226-01 (U.S. District Ct)	3/10/2019	Conspiracy to commit embezzlement, bankruptcy & tax fraud	HCV Owner Fraud	Jury Trial set for February 13, 2023
People v. Hawthorne, 16-CR-1222901 (Cook Cty Cir Ct)	8/8/2016	Felony theft, forgery, continuing financial crimes enterprise	HCV Fraud	Sentencing delayed pending payment of restitution. Status hearing on March 15, 2023



## **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.

### **PPP Loan Fraud and False Statements, OIG ##2022-09-00049, 00050, 00051, 00052, 00053, 00054, CHA Employees**

The OIG sustained an additional six investigations of CHA employees found to have fraudulently obtained Small Business Administration (SBA) Paycheck Protection Program (PPP) loans by submitting falsified applications. These investigations were prompted by an anonymous complaint received after the conclusion of OIG's earlier investigations of CHA employees who engaged in PPP loan fraud. The first set of investigations resulted in sustained findings against 17 employees. Of the six additional employees, five resigned after having scheduled an interview with the OIG or having sat for an interview.

The OIG provided CHA management information regarding the five former employees (four in the Property and Asset Management department and one in Resident Services) for inclusion in the employees' personnel files should they seek re-employment with the CHA. The OIG recommended that CHA discharge the sixth employee and designate the employee as ineligible for rehire based on findings that the employee committed federal program fraud by submitting a falsified PPP application and later provided false statements to OIG investigators.

In response, CHA management discharged the one remaining employee.

### **Abandonment of HCV Unit, Failure to Disclose Homeownership, OIG #2021-10-00035, HCV Participant**

An OIG investigation found that an HCV participant failed to notify the CHA that they had been residing in a house they own in Flowood, Mississippi since October 2019, and had allowed unauthorized individuals to reside in the subsidized unit. The participant did not report their ownership of a home in Flowood along with another property, and further failed to report purported business income, which was the basis for two Paycheck Protection Program loans.

The HCV department responded that it would initiate the process to terminate benefits.

**Abandonment of HCV Unit, Participant Living in a House Jointly Owned with their Spouse, OIG #2021-07-00058, HCV Participant**

An OIG investigation found that an HCV participant was not living in their HCV subsidized unit and instead was living in a house they own with their spouse in Hazel Crest, IL. The participant also failed to report apparent business income, which would have served as the basis for a PPP loan received at the Hazel Crest address. The OIG recommended the HCV department review the matter for appropriate administrative action.

In response, HCV stated that it would initiate the process for termination of benefits.

**Abandonment of HCV Unit, Participant Living in a House Jointly Owned with their Spouse, OIG #2021-07-00057, HCV Participant**

An OIG investigation found that an HCV participant was not living in their subsidized unit and failed to disclose their marriage and joint ownership of a house in Flossmoor, IL. Additionally, the participant had not disclosed purported business income that would have been the basis a PPP loan in 2021.

In response, HCV stated that it would initiate the process for termination of benefits.

**Preferential Treatment, Failure to Cooperate with the OIG, OIG #2021-02-000001, CHA Employee and Contractor**

An OIG investigation found that a management-level employee in the PAM department violated CHA policies and provided preferential treatment to a CHA construction contractor that had been participating in the former JOC Program and contracted to renovate several public housing units. The manager caused the CHA to issue manual checks payable to the Contractor for the full contract amounts prior to completion of the work and was prepared to personally deliver the checks, despite the Contractor's history of poor performance. The manager provided the Contractor extraordinary preferential treatment, which created, at a minimum, the appearance of impropriety.

Additionally, the owner of the CHA contractor, in direct violation of the contract with CHA, refused to cooperate with the OIG's investigation, failing to produce records or appear for an interview.

The OIG recommended PAM impose discipline against the employee commensurate with their violations, work history, past disciplinary history, and any other relevant factors. The OIG further recommended that the CHA Department of Procurement and Contracts initiate debarment proceedings against the construction company and the individual owner.

In response, CHA management discharged the employee. CHA's Department of Procurement and Contracts and Office of General Counsel are reviewing the matter for potential debarment.

**Unauthorized Occupant of Public Housing Unit, Failure to Disclose Marriage, \_  
OIG #2020-01-00020, Public Housing Resident**

An OIG investigation found that a resident of a CHA scattered site public housing unit failed to disclose her marriage in 2016, failed to disclose her husband has been living with her, and may also have had unreported business income.

The OIG recommended that the PAM department review for appropriate administrative action and enforcement of the lease provisions. After the OIG issued its report, the resident voluntarily vacated the unit.

**Underreported Income and Unauthorized Occupant, OIG #2020-01-00007, HCV  
Participant**

An OIG investigation found that an HCV participant underreported income earned from the U.S. Postal Service between 2017 and November 2021. Additionally, the participant previously had at least one unauthorized occupant in their unit and failed to report the individual's income. The OIG recommended the HCV department review the matter for appropriate administrative action.

The HCV department responded that it would pursue administrative enforcement and issued requests for relevant income documentation.

## Audits and Reviews

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The OIG did not close any audits during the fourth quarter of 2022.

### Draft Audits Issued

This quarter, the OIG initially closed its audit of CHA's Tracking and Management of Vacant Public Housing Units, but soon thereafter received a request from Executive Leadership to provide an amended response. Accordingly, the OIG reverted the audit to draft status. This audit is expected to be finalized early in the first quarter of 2023.

### Other Pending Audits

Other pending audits include the HCV Abatement Audit and Procurement Reform Task Force Audit. These audits are expected to be finalized by the end of Q1 2023. The Mixed Finance/Mixed Income Property Rent Collection Audit is expected to be finalized by the end of second quarter 2023. The OIG appreciates CHA management for their willingness to engage in the audit process and continue to improve CHA programs.

## Management Advisories and Memos

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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 issued two advisories. OIG Advisory #24, regarding Public Housing Waitlist Status and Application Date Issues, and Advisory #25, regarding HCV Suspensions of Building Code Scofflaws, are summarized below.

## OIG Advisory #24: Public Housing Waitlist Status and Application Date Issues

The OIG issued an advisory to the Property and Asset Management (PAM) Department regarding a concern with the process by which Public Housing applicants are returned to the waitlist should they not be selected for a unit after screening. Specifically, the OIG found that a significant number of applicants had remained in an "Issued/Offer" status in the Yardi database for more than 120 days. An applicant in "Issued/Offer" status is not eligible for units or included in the Waitlist Generation Tables, leaving the individual essentially in limbo. Moreover, the OIG found that when many of these individuals were finally returned to the waitlist, CHA erroneously changed the application date, causing the applicant to lose their place in line. The OIG found 62 applicants whose waitlist application dates had been changed to reflect the date they were returned to the waitlist once they were unsuccessfully screened.

The OIG's analysis was prompted by two separate complaints from Public Housing waitlist applicants stating they had been accepted for housing opportunities but had not received any further updates. PAM department personnel confirmed that any unsuccessful applicants in the 'Issued/Offer' status should be returned to the 'On List' status for future selection and housing considerations after 120 days. Additionally, only certain situations should cause a waitlist applicant's original application date to be updated – an example being an applicant who refuses an available unit, but then opts to reapply at some later date.

**Recommendation:** The OIG recommended that CHA develop and implement additional processes to ensure eligible applicants are returned to "On List" status within the stated 120-day goal. Second, OIG recommended that CHA review the process employees were using to return applicants to 'On List' status, and provide any corrective training as appropriate. Finally, OIG recommended that CHA review applicants currently in 'On List' status to make any corrections necessary to restore appropriate waitlist seniorities.

**Response:** In response, CHA management coordinated with its IT department to review the issue and identified 44 applicants with application dates erroneously modified since 2021, when CHA first implemented the use of Yardi's 'Issue/Offer' status. CHA determined that Yardi's coding script incorrectly altered the application dates of applicants returned to the waitlist from Issue/Offer status that previously updated their household composition. CHA elevated this concern to Yardi's programming team for review.

Regarding the duration of applicants' Issue/Offer status, CHA responded that, applicants are placed in Issue/Offer status after they are approved for housing and PAM conducts a Move-In-Review (MIR) Audit of Property Management's outreach and screening process. Background checks, which are part of the screening process, are valid for 120 days.

Applicants not housed within 120 days of an MIR are to be returned to the waitlist. On various occasions (i.e., 2019 leasing initiative, 2020 COVID pandemic, 2021 leasing initiative, etc.) the PAM department made a business decision to allow applicants to be re-screened and remain in a 'reserve' queue for housing opportunities.

In conclusion, CHA responded that it would reinstate the original application dates of applicants erroneously modified when returned to the waitlist from Issue/Offer status. Second, CHA will continue coordination efforts with Yardi to update the Issue/Offer script. Until the issue is resolved, Issue/Offer exception reports will be assessed on a recurring basis and applicant records will be updated accordingly.

### **OIG Advisory #25 Housing Choice Voucher Suspensions of Building Code Scofflaws**

The OIG issued an advisory regarding a data analytics project, which identified seven residential building owners and affiliated companies receiving HCV Housing Assistance Payments (HAP) appearing on the City of Chicago "Building Code Scofflaw List" in violation of the CHA's HCV Administrative Plan. CHA's HCV Administrative Plan and Program Procedure Guide specifically provide that building owners may be placed on the CHA's "Do Not Lease List" if they appear on the City's Building Code Scofflaw List. The Chicago Building Code Scofflaw Ordinance prohibits the owners of buildings that are identified as "priority buildings with serious and chronic code violations" from being awarded City contracts, receiving financial assistance from the City, or having certain applications accepted or processed by the City.<sup>1</sup> Since September 2021, the City has published lists of buildings and their owners that are deemed to be Building Code Scofflaws.<sup>2</sup> Buildings on the list are also subject to follow-up inspections by the Department of Buildings at least every 12 months.

As of April 1, 2022, the CHA had 11 HCV owners appearing on the City's Scofflaw List. Three owners had been suspended as of April 2022 but still had active HCV tenants because the tenants' leases were not yet expired. Seven of these owners had not been suspended and had active HAP contracts representing a combined total of 672 units.

Four of the seven active HCV owners were identified by the OIG based on the property address appearing on the Scofflaw List, but which appear in Yardi as associated with CHA vendors other than the legal owners on the Scofflaw List.

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<sup>1</sup> [https://codelibrary.amlegal.com/codes/chicago/latest/chicago\\_il/0-0-0-2601403](https://codelibrary.amlegal.com/codes/chicago/latest/chicago_il/0-0-0-2601403)

<sup>2</sup> <https://data.cityofchicago.org/Buildings/Building-Code-Scofflaw-List-Map/hgat-td99>;  
<https://opendatanetwork.herokuapp.com/dataset/data.cityofchicago.org/crg5-4zyp>

In at least one instance, the CHA vendor appeared to be a management agent, rather than the legal owner. Individuals and corporations often form unique business entities or limited liability companies (LLCs) for each apartment building or rental property they own, or maintain separate ownership and management aspects of their business, meaning that the same individuals may be responsible for multiple HCV properties through separate legal business entities. The CHA's HCV Procedure Guide did not address the question of common agents and ownership between different business entities, or management agents for those owners appearing on the Scofflaw List.

**Recommendation:** The OIG recommended that HCV consider clarifying its relevant policies and procedures regarding who may be considered responsible parties subject to suspension for reasons such as appearance on the building code Scofflaw List, including indicators of common ownership and the obligations of management agents working on behalf of a property owner.

The OIG further recommended that, when reviewing the City's Scofflaw List for HCV properties, HCV employees search by property address as well as owner name, and review for shared agents, managers, and owners of companies that participate in the HCV program, to ensure the parties responsible for delinquent properties are held accountable as appropriate.

**Response:** In response, the HCV department stated it will provide further guidance to its contractors/staff regarding the relevant policies and procedures and instruct them to search by each address and owner's name listed on the City's Scofflaw List and Troubled Buildings list. Of the entities identified by the OIG, HCV updated and clarified records pertaining to four owner entities noting suspensions. The HCV department stated that going forward, the CHA will also suspend those vendor accounts associated with a suspended owner if any property under those accounts has any pending City Code Violations in Administrative Hearings.