

**THE CHICAGO HOUSING AUTHORITY**

**OFFICE OF THE  
INSPECTOR GENERAL**

**2023 ANNUAL  
REPORT**





CHICAGO HOUSING AUTHORITY  
OFFICE OF THE INSPECTOR GENERAL  
INSPECTOR GENERAL KATHRYN B. RICHARDS  
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February 1, 2024

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

Enclosed for your review is the 2023 Annual Report on the activities of the Chicago Housing Authority (CHA) Office of the Inspector General (OIG). In 2023, the OIG processed 705 complaints, initiated 19 investigations, and concluded 44 investigations, effectively resolving a pandemic-era backlog of cases, from a high of 113 open cases in 2021 to 43 cases at the end of 2023.

Looking forward, the OIG is starting 2024 with a healthy caseload and a remarkable team of investigators, auditors, and analysts determined to root out fraud and misconduct, while identifying opportunities for improvement. **In retrospect, 2023 was a year of impact.**

**CHA OIG Criminal Investigations** - resulted in **8 criminal convictions, 1 individual indictment, and a record \$841,848.91 in restitution ordered to the CHA.** These cases should serve as a warning to those who take advantage of CHA's housing programs, that there are both severe criminal and financial consequences to such frauds.

**CHA OIG Audits and Analytics** - prompted productive conversations about a variety of issues, from management of vacant public housing units, to the enforcement of HCV housing quality standards, to efforts to improve procurement integrity. Management advisories and memos resulted in renewed enforcement of employee conflict of interest and scofflaw policies, improvements in data accuracy for HCV programs, and the debarment of a construction contractor indicted for public corruption. The OIG thanks CHA management for its willingness to engage in such dialogue and applauds the CHA's newest initiative to renovate vacant, scattered-site properties for future home ownership opportunities. If done well, the program will be a substantial benefit to both individuals and neighborhoods throughout Chicago.

Additional OIG accomplishments and developments include the following:

- **New Case Management Technology** - In 2023, the OIG implemented a new case management database software, MatrixInvestigator, which has provided a significant improvement to our case management, tracking, and operational analytics. All historical case data will be migrated to the new system in the first quarter of 2024.

- **OIG Staff Transitions** – In early 2023, OIG Senior Investigator Edward Maloney, was appointed Associate Judge of the Circuit Court of Cook County. In his stead, we were happy to welcome Michael Melcher, recently retired from the FBI. These remarkable individuals are reflective of the high caliber of OIG staff. At the end of 2023, Staff Auditor Jada Tinnin left to pursue a full-time post-graduate degree program, and we wish her well. Finally, we are grateful to the Board of Commissioners for the approval of one additional investigator position, which will allow us to significantly reduce the duration of our investigations and further expand our impact. This new position allowed us to promote Staff Investigator Angelina Allaback to Investigator, a position for which she is highly qualified. We look forward to welcoming two new staff in early 2024.
- **Community Engagement and Training** – The OIG found new ways to reach our stakeholders this year. We held an OIG open house, opening the door to our space and inviting CHA employees to meet our staff and learn more about what we do in a relaxed context. We provided training to 160 Local Advisory Council resident leaders; visited senior buildings, distributed fliers, and posted fraud prevention tips. We continue to look for new avenues to get our message out and hopefully prevent fraud or misconduct before the damage is done.

Finally, the work of promoting integrity and trust in CHA operations is continually inspiring. I am grateful to the Board of Commissioners for their partnership and increased communication as we approach this work together. I look forward to the impact we will surely have in 2024.

Respectfully submitted,



Kathryn B. Richards  
Inspector General

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## I. 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's authority is derived from the OIG Charter as approved by the CHA Board of Commissioners.

The OIG achieves its mission through:

- Criminal Investigations
- Administrative Investigations
- Investigative Support to Partner Agencies
- Performance Audits
- Program Reviews
- Analytics
- Advisories
- Training
- 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 raise awareness of common indicators of fraud or other misconduct, and to provide multiple avenues for reporting such concerns and issues 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."

## II. OIG INDEPENDENCE AND REPORTING

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As provided by the OIG Charter enacted by the CHA Board of Commissioners, the OIG reports to directly to the CHA Board of Commissioners Finance and Audit Committee, and is "independent from the Authority's executive management, specifically, the Chief Executive Officer and other appointed officers." The Inspector General is appointed to a four-year term and may only be removed for cause by a majority vote of the Board.

OIG activities are reported to the Board's Finance and Audit Committee, and the OIG is required to publish quarterly and annual reports detailing sustained findings and activities. The OIG is authorized by the Board to issue administrative subpoenas in support of its investigations. All CHA officers, employees, and contractors have a duty to report to the OIG any fraud, mismanagement, waste of funds or resources, abuse of authority, misconduct, conflicts of interest, ethical violations, or other improper act involving Authority business or the Authority's assets. They further have a duty to cooperate with all OIG inquiries.

## III. INVESTIGATION AND AUDIT STANDARDS

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The OIG conducts investigations in accordance with the Association of Inspectors General (AIG) Principles and Standards for Office of Inspectors General (the "Green Book"), using generally accepted principles, quality standards, and best practices applicable to federal, state, and local offices of inspectors general. These include both general and qualitative standards as outlined in the Green Book. Additionally, the OIG always exercises due professional care and independent, impartial judgment 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 (the "Yellow Book"). 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. Adherence to these standards ensures that audits are conducted with the requisite independence, planning, organizing, staff qualifications, direction and control, coordination, reporting, confidentiality, and quality assurance.



## IV. SIGNIFICANT ACCOMPLISHMENTS AND ACTIVITIES IN 2023

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- **Criminal Investigations – 1 Indictment, 8 Individuals Convicted, a total of \$841,848.91 in Restitution Ordered to the CHA**
  - People v. Robins, (Cook Cty. Cir. Ct.) Indictment
  - People v. Townsend, (Cook Cty. Cir. Ct.) Guilty Plea, Restitution \$106,634
  - U.S. v. Kowalski, (N.D. Ill.) Guilty Verdict
  - People v. Carney, (Cook Cty. Cir. Ct.) Guilty Plea, Restitution \$9,186
  - U.S. v. Jones, (N.D. Ill.) Guilty Plea, Restitution \$29,644
  - U.S. v. Coleman, (N.D. Ill.) Guilty Plea, Restitution \$389,779
  - U.S. v. Green, (N.D. Ill.) Guilty Plea, Restitution \$150,502.32
  - People v. Hawthorne, (Cook Cty. Cir. Ct.) Guilty Plea, Restitution \$73,000
  - People v. Spruill, Guilty Plea, Restitution \$83,103.59
  
- **Administrative Investigations – 20 Reports of Sustained Findings**
  - In 2023 OIG sustained 20 administrative investigations, which identified program violations and misconduct and recommended corrective action regarding the following subjects:
    - HCV and Public Housing Participants
    - CHA Contractors and Contractor Employees
    - CHA employees
  
- **Performance Audits and Advisories - 3 Audits, 3 Advisories, 2 Management Memos**
  - Audit of CHA's Tracking and Management of Vacant Public Housing
  - Audit of CHA's Housing Choice Voucher Abatement Process
  - Audit of CHA's Implementation of the Procurement Reform Task Force Recommendations Part II
  
  - Advisory #26: Tracking, Disclosure, and Handling of CHA Employee-Participants and Other Housing-Based Conflicts of Interest
  - Advisory #27: CHA Procurement Data and Proactive Procurement Fraud Monitoring
  - Advisory #28: Duplicate HAP and Potential Overpayments Related to Tenant Moves
  
  - Management Memo – Indictment of a CHA Construction Contractor
  - Management Memo – HCV Satellite Office Rent Overcharges

## V. OIG ENGAGEMENT AND TRAINING EFFORTS

In 2023, the OIG continued to expand its engagement and training efforts. The OIG continually strives to increase awareness of the OIG as a confidential, trusted resource for CHA stakeholders to seek resolution to their concerns. OIG Engagement and Training accomplishments in 2023 include:

- Presented at training for 160 elected Local Advisory Council Members
- Hosted inaugural OIG Open House event, inviting CHA employees into the OIG office to meet OIG staff and learn more about our work.
- Held an OIG "Meet & Greet" for CHA employees at the Charles A. Hayes Family Investment Center
- Featured in NPR All Things Considered coverage regarding fraud on pandemic relief programs
- Published 4 issues of *Integrity Watch*, the OIG email newsletter reaching all CHA employees and hundreds of contractors
- Sent informational OIG fliers to Chicago Aldermanic Ward Offices of all those newly elected alderpersons
- Placed OIG signage at HCV program regional offices
- Visited CHA public housing senior buildings to provide fliers and information regarding OIG to residents and property managers
- Placed "Fraud Prevention Tips" on monitors located in public housing buildings
- Promoted OIG activities on Twitter, LinkedIn, and Facebook
- Contributed CHA OIG reports to the Association of Inspectors General Illinois Chapter quarterly newsletter
- Updated the OIG's webpage on the CHA website to make it more user friendly and include more information on OIG criminal cases
- Participated in CHA's Bring Your Child to Work Event and Springboard to Success Networking and Recruitment Event.



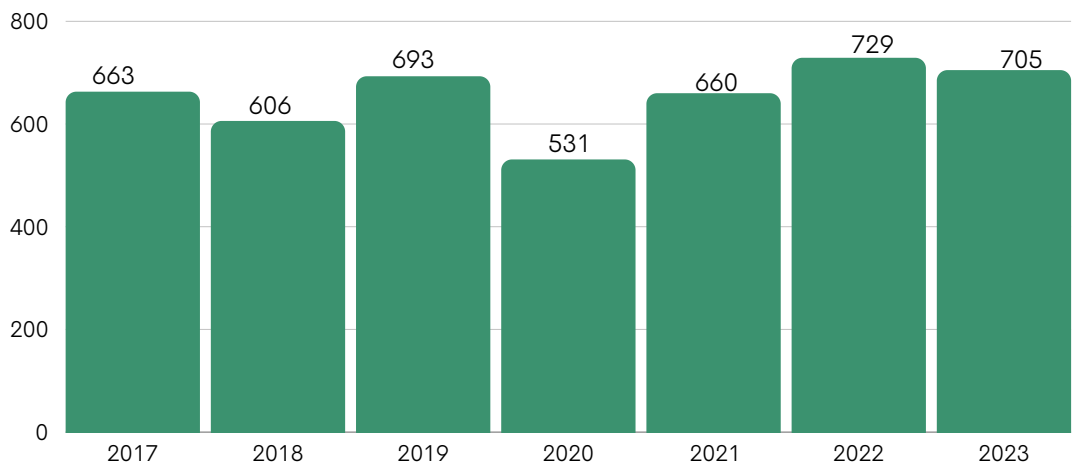


## VI. COMPLAINTS RECEIVED IN 2023

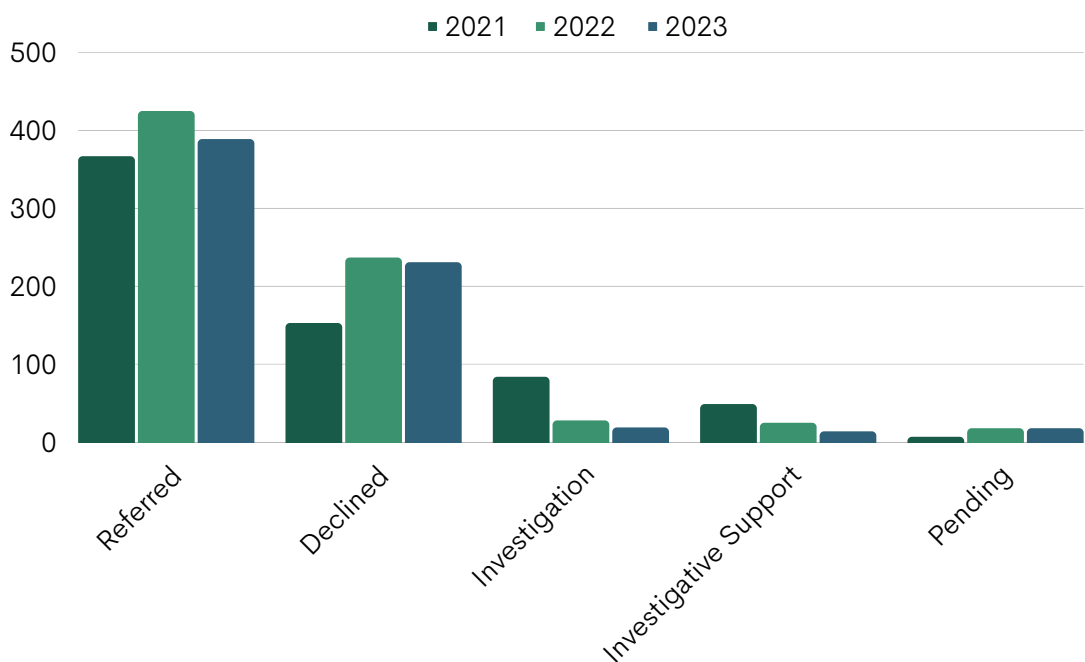
The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. The OIG initiates investigations, reviews, and audits in response to complaints or concerns it receives or upon the OIG’s initiative. Following a preliminary review and assessment of the complaint, OIG staff determine 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 **705** complaints in 2023. Of those complaints, the OIG opened **19** for investigation, referred **389** complaints to various relevant CHA departments and outside agencies; provided investigative support to internal and external stakeholders in response to **14** complaints, and declined **231** complaints. At the close of 2023, **18** complaints remained pending for preliminary investigation. Below are a series of tables showing statistical information on the OIG complaints for 2023 and comparisons to prior years.

Complaints Received Annually

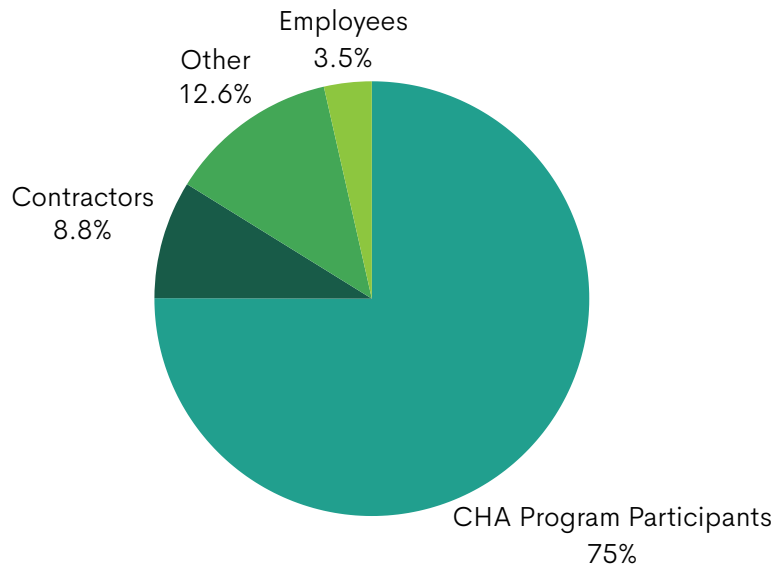


Complaints by Disposition



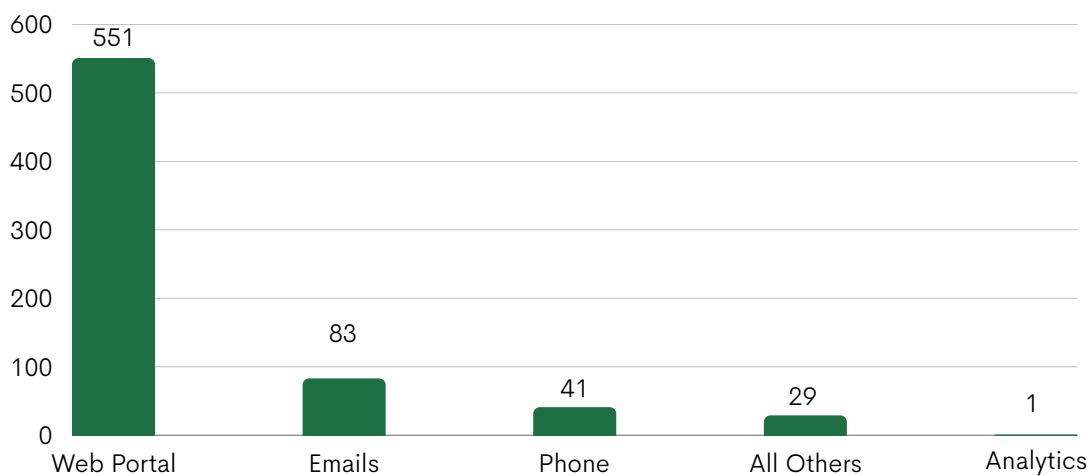
Consistent with prior years, **75%** of all complaints received by the OIG involved program participants and potential fraud or alleged violations of the CHA's public housing or HCV program policies. Allegations against CHA contractors and their employees constituted **8.8%** of all complaints, while allegations against CHA employees represented just **3.5%** of all complaints. The remaining **12.6%** of complaints involved individuals or entities outside the OIG's jurisdiction or unknown individuals.

Subjects of Complaints



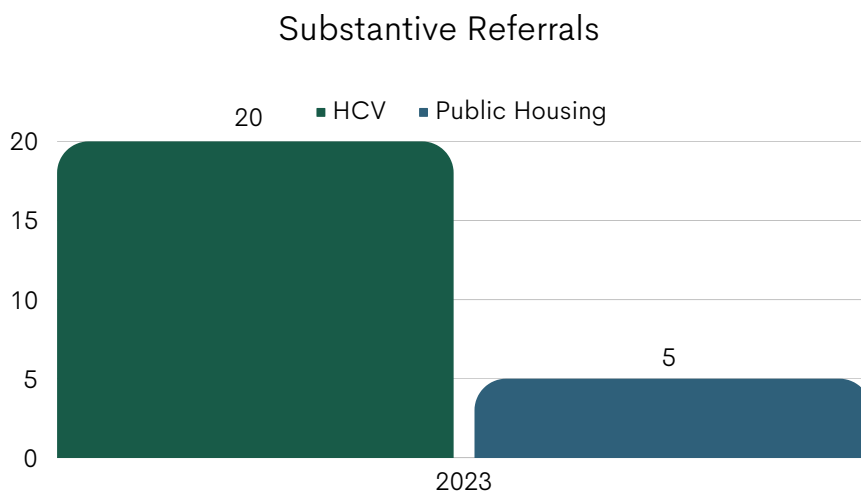
Most complaints received by the OIG, **78%**, were submitted through the OIG's anonymous web portal for complaints, located on the OIG's webpage.

Complaints by Method



## Substantive Complaint Referrals

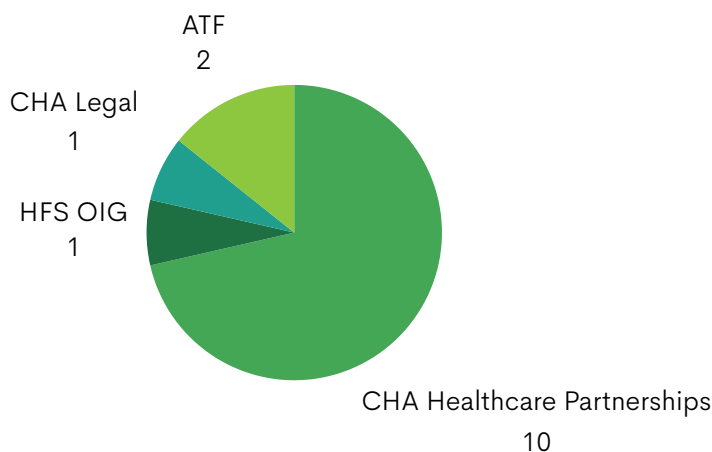
Beginning in 2022, the OIG implemented an enhanced complaint assessment and referral process, which has allowed for more appropriate referrals of matters that may otherwise have been opened as investigations. Through the work of the OIG Staff Investigator, the OIG has referred the complaint, as well as additional records and analysis for the receiving department's consideration. These substantive referrals added value to CHA's enforcement of both public housing and HCV program rules in **25** matters in 2023. In 2022, the OIG issued 29 substantive referrals.



## VII. INVESTIGATIVE SUPPORT MATTERS

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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 2023, the OIG provided investigative support in response to **14** complaints from various agencies including, ATF, CHA Legal, CHA Health Partnerships, and the Illinois Department of Healthcare and Family Services OIG.



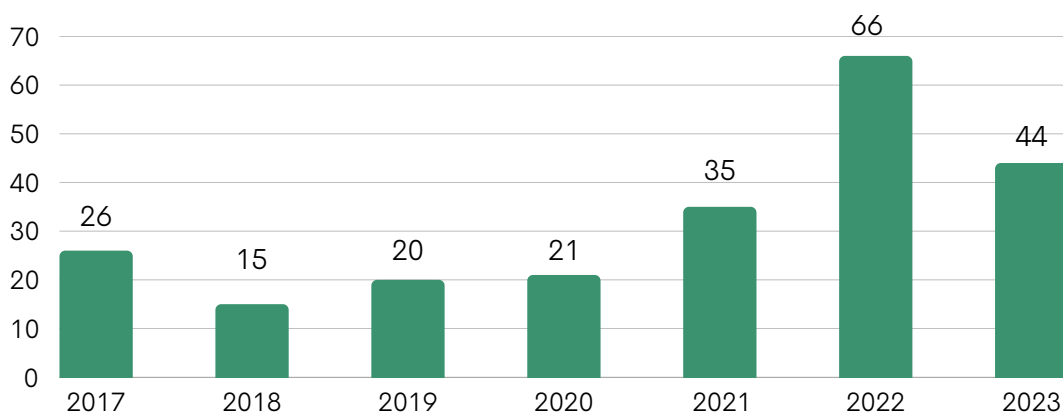
## VIII. INVESTIGATIONS ACTIVITY 2023

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In 2023, the OIG closed **44** investigations. Of those closed cases, **28** were closed sustained for criminal or administrative violations, including **8** criminal convictions and **20** administrative findings. A total of **10** investigations were closed as not sustained, and **6** were closed with no further action warranted. See the chart below detailing closed criminal and administrative cases.

At the close of 2023, the OIG had a total of **43** pending investigations. Of those, **27** were administrative and **16** criminal.

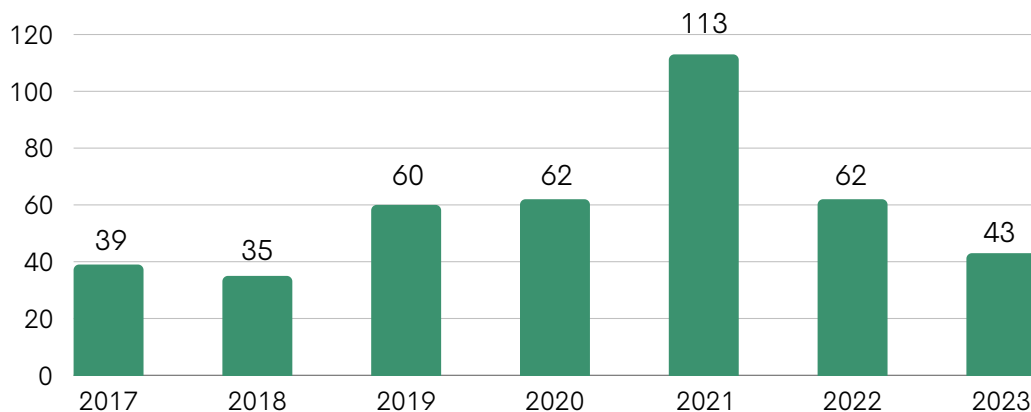
Yearly Closed Investigation Comparison



### Investigations Case Load

The OIG has made significant strides in returning to a pre-pandemic investigations case load. A manageable case load improves the quality and timeliness of the ultimate findings. The end of year open case load comparison is displayed below.

Yearly Pending Case Load Comparison



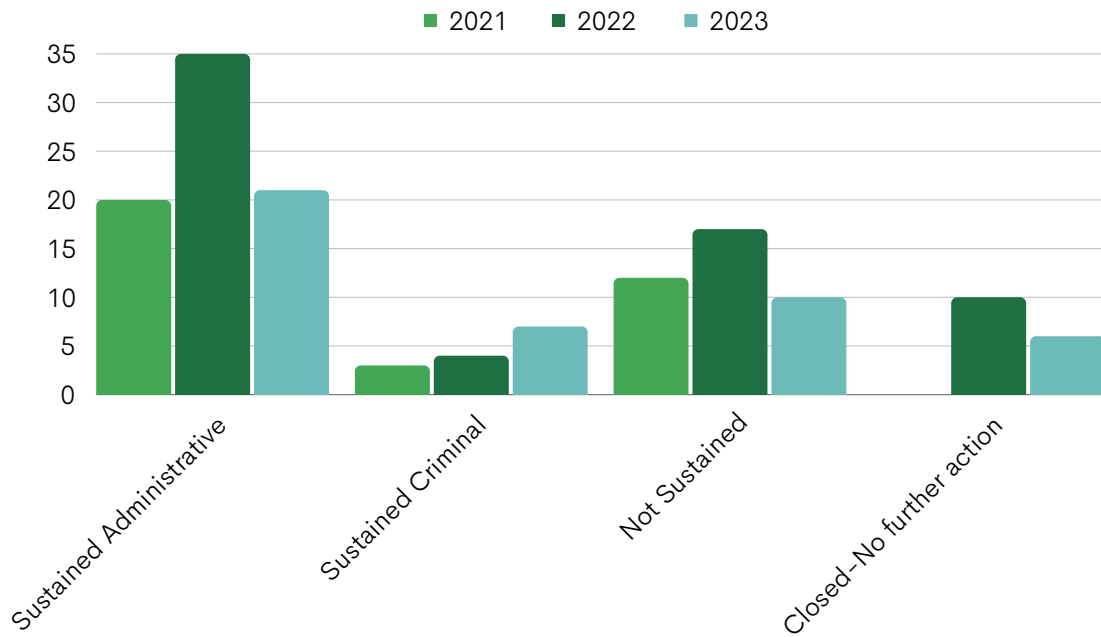
## Investigations Not Concluded Within Six Months

As of December 31, 2023, **37** investigations had been open 6 months or more, representing **86%** of all OIG cases. The following table shows the reasons why these matters remained open.

Reasons	Number of Investigations
Complex investigations, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	23
Indicted, but no criminal disposition	3
On-hold or delayed due to other ongoing time-sensitive investigations	11
Total	37



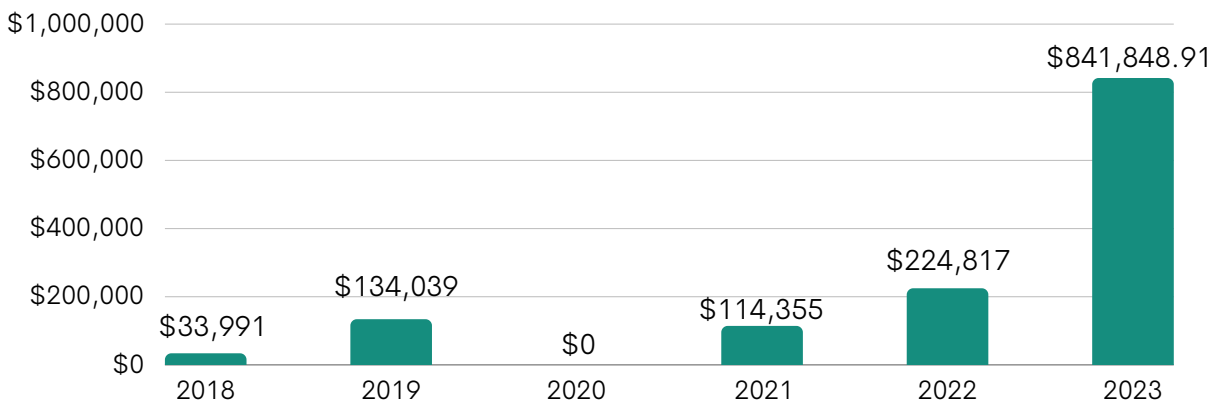
### Disposition of Closed Investigations



### Criminal Investigations Resulting in Restitution

The OIG consistently seeks restitution from individuals found to have defrauded the CHA's housing programs. In 2023, OIG criminal investigations resulted in seven court orders for restitution for a total of **\$841,848.91** in funds recovered for the CHA. This is the highest amount of recovery achieved in the last six years.

### Total Restitution Ordered



## IX. INVESTIGATIONS - CLOSED CASE SUMMARIES

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### A. CRIMINAL CASES

In 2023, OIG investigations resulted in **1** new indictment for fraud related to CHA's HCV program. OIG investigations further resulted in **8** criminal convictions, including 3 HCV participants, 2 former landlords, and 3 former CHA contractors/vendor. In **7** of these cases, defendants were ordered to pay restitution, resulting in a total of **\$841,848.91** payable to the CHA. One case, U.S. v. Kowalski, remains pending for sentencing.

These cases are detailed below, along with a table of all pending criminal cases stemming from OIG investigations.

### CRIMINAL INDICTMENTS

#### Indictment of Former HCV Landlord Edith Robins

#### People v. Robins, 23-CR-0619301 (Cook Cty Cir. Ct.), OIG #2019-12-00054

On May 31, 2023, the Grand Jury sitting in the Circuit Court of Cook County returned a one-count indictment charging former Housing Choice Voucher (HCV) landlord Edith Robins with Theft of Governmental Property exceeding \$100,000, a Class 1 Felony.

CHA OIG's investigation found that for 12 years, from January 2008 to January 2020, Robins fraudulently received Housing Assistance Payments (HAP) as an HCV landlord on behalf of her mother, Marie Gibson, a former HCV participant. Robins had power of attorney for her elderly mother and had obtained an accommodation due to Gibson's medical condition, which allowed Gibson to rent from a relative, as allowed under the HCV Administrative Plan in effect at the time.

Robins, however, actively concealed the fact that her mother was living in a residential nursing facility for 9 years until her death in January 2017. Robins also failed to notify the CHA of Gibson's death. Instead, Robins continued to collect HAP payments for Gibson's voucher until January 2020, when CHA ultimately terminated the voucher for failure to submit updated income documentation. In total, Robins fraudulently received HAP totaling over \$110,037.00. Prosecution of the matter is being handled by the Illinois Attorney General's Office. The OIG's investigation will remain open pending the outcome of the criminal court proceedings.

## CRIMINAL CONVICTIONS

### Sentencing of Former HCV Landlord Lanell Townsend

#### People v. Townsend, 22-CR-0017401 (Cook Cty Cir. Ct.), OIG # 2017-06-00003

On January 12, 2023, Lanell Townsend, a former HCV landlord, pleaded guilty in the Circuit Court of Cook County to one count of theft by deception greater than \$100,000, relative to a scheme to defraud the CHA. He was sentenced to 12 months' probation and ordered to pay restitution to the CHA in the amount of **\$106,634**, including \$20,000 payable on the date of the plea. On the same day, Townsend tendered the \$20,000 payment in court.

The CHA OIG's investigation, worked in conjunction with the U.S. Department of Housing and Urban Development (HUD) OIG, 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.

First, from February 2010 through May 2015, Townsend received payments from the CHA as a landlord for a property he owned in Chicago, IL. Later, 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. For both properties, he failed to disclose he resided with the HCV participant and was the father of a minor occupant on the voucher. While receiving HAP for the property in Sauk Village, HACC administered the voucher, but the CHA was still responsible for the HAP funds. In total, Townsend fraudulently received HAP totaling over \$106,000.

Prosecution of the matter was handled by the Illinois Attorney General's Office, Special Prosecutions Bureau.





**Conviction of Former HCV Landlord Robert Kowalski**  
**U.S. v. Kowalski, 19-CR-00226-01 (N.D. Ill.), OIG #2018-06-00038**

On March 10, 2023, Robert M. Kowalski, an attorney, real estate developer, and former CHA HCV landlord, was found guilty by a federal jury in the U.S. District Court of the Northern District of Illinois, on two counts of embezzlement, six counts of bankruptcy fraud, and seven counts of tax fraud, following a nearly four week-long trial. Kowalski served a key role in the embezzlement scheme which caused the collapse of the Washington Federal Bank for Savings in Chicago's Bridgeport neighborhood.

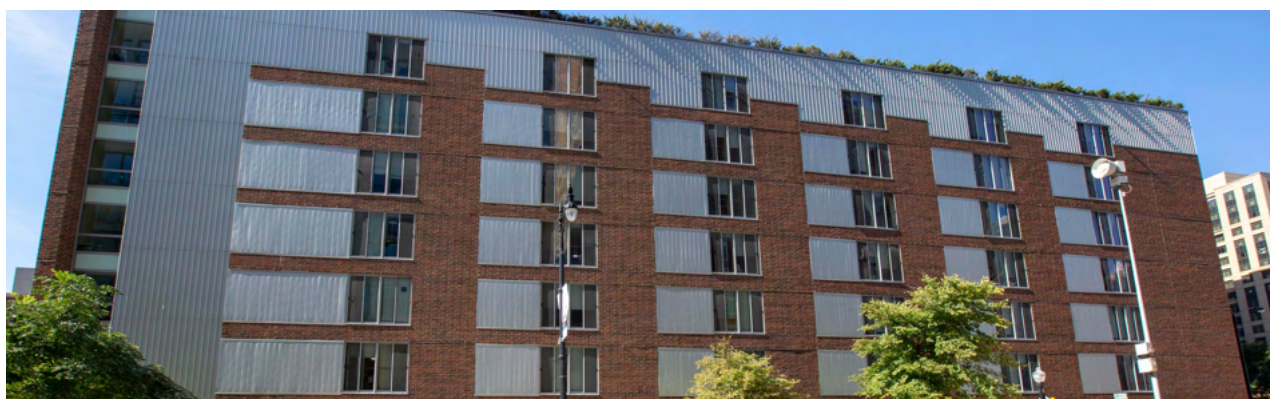
Kowalski was a CHA landlord from 2011 until 2018. Kowalski conducted business with the CHA through limited liability corporations including Indomitable LLC, Piorun Properties LLC, and Mountain Duck Properties LLC. From 2011 through 2018, these entities were paid over \$2,000,000 in Housing Assistance Payments (HAP) on behalf of CHA participants.

As it relates to the CHA, Kowalski concealed from his bankruptcy creditors his interest in Mountain Duck Properties and five related land trusts. Between March 2018 through March 2019, Kowalski collected approximately \$34,600 in rent checks, which he concealed from his creditors, and understated income on related tax returns. In addition, the embezzlement, in part, involved the improper diversion of property to Kowalski, which he subsequently leased to HCV participants for his own benefit.

The CHA OIG worked in partnership with the U.S. Attorney's Office and federal law enforcement agencies, including, but not limited to, HUD OIG, the IRS Criminal Investigation Division, and the FBI.

Additionally, the OIG thanks the two CHA employees in the HCV and Finance departments who were called to testify as to CHA records at trial. Both individuals represented the CHA with the highest degree of professionalism.

Kowalski's sentencing date remains pending. Kowalski could face a sentence of up to 82 years in federal prison. The CHA OIG has closed this matter but will monitor the outcome of Kowalski's sentencing.



**Sentencing of Jeanette Carney, Former HCV Participant**  
**People v. Carney, 21-CR-1492801 (Cook Cty Cir Ct), OIG #2019-08-00024**

On March 31, 2023, Jeanette Carney, a former HCV participant, was sentenced in the Circuit Court of Cook County to 30 months' felony probation and ordered to pay restitution to the CHA in the amount of **\$9,186**, for her scheme to defraud the CHA. Carney had previously pleaded guilty to one count of wire fraud, a Class 3 felony, on March 2, 2023.

The OIG's investigation revealed that from August 2015 through November 2021, Carney fraudulently received housing benefits totaling over \$90,000 by failing to report her husband, David Thompson, as a household member or his income from employment with the City of Chicago. Additionally, Carney falsely reported four dependents, a daughter and four grandchildren, who did not reside in the unit. This resulted in additional loss to the CHA. The evidence shows Carney had reported between \$4,680 and \$21,600 in annual household income since 2015. In fact, evidence shows that Carney's husband, a former laborer with the City of Chicago Department of Transportation, earned as much as \$94,000, annually, while residing with Carney. Carney's husband reported each HCV unit address to his employer, on signed City of Chicago employee residency affidavits.

Carney had been indicted on December 1, 2021, in a five-count indictment for Class 1 felony theft, wire fraud, and forgery. Prosecution of the matter was handled by the Illinois Attorney General's Office, Public Integrity Bureau.

The OIG also referred this matter and relevant non-grand jury records to the HCV department for appropriate administrative action. HCV terminated the voucher in 2022 following an administrative hearing.



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

On April 27, 2023, Brenda Jones, a current HCV participant, was sentenced in the U.S District Court for the Northern District of Illinois, relative to her scheme to defraud the CHA and the Social Security Administration (SSA). Jones was sentenced to two years' probation and ordered to pay **\$29,644.00** in restitution to the CHA and \$70,839.90 to the SSA.

Jones had previously pleaded guilty on December 27, 2022, to one count of theft of government funds, in violation of 18 U.S.C. § 641.

As Jones acknowledged in her plea agreement, from October 2004 to December 2017, she used two Social Security Numbers (SSN) 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' landlords. The plea agreement was entered pursuant to an Information filed on November 16, 2022.

The CHA OIG worked the investigation in partnership with the SSA OIG. Prosecution of the matter was handled by the U.S. Attorney's Office for the Northern District of Illinois.

Following Jones's guilty plea to defrauding the CHA, the HCV department issued Jones a notice of intent to terminate her voucher. Jones requested an administrative hearing, which occurred in May 2023. Jones acknowledged her guilty plea but asked for leniency. The hearing officer denied her request and the CHA terminated her voucher.



**Sentencing of Lester Coleman, Coleman Development Corp.**  
**US v. Coleman, 20-CR-99 (N.D. Ill.), OIG #2014-03-00034**

On May 25, 2023, Lester Coleman, owner of former CHA contractor Coleman Development Corporation (CDC), was sentenced in the U.S. District Court for the Northern District of Illinois relative to his scheme to defraud the CHA. Coleman was sentenced to two years' probation and ordered to pay **\$389,779** in restitution to the CHA. Coleman is required to serve the first nine months of his probation on home detention. As part of his sentencing, CDC is prohibited from entering any future contracts with the CHA or other housing agencies. As a result of the indictment, he and his firm were also permanently debarred by the City of Chicago.

Coleman previously pleaded guilty to one count of wire fraud on January 19, 2022. Coleman, through CDC, obtained more than \$3,000,000 in contracts with the CHA by misrepresenting the amount of work performed by CDC and the amount of wages it would pay employees. CDC was a certified minority-owned business enterprise (MBE).

As mandated by the U.S. Department of Housing and Urban Development (HUD), the CHA required that MBEs, along with women owned business enterprises (WBEs), had ample opportunity to participate in the performance of contracts financed in whole or in part with federal funds.

Accordingly, CHA rules required that a bidder or contractor 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, pursuant to federal labor laws. The CHA required contractors to submit certified weekly payroll reports which, set forth, among other things: 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.



**Sentencing of Maurice Green, Pillar Insurance**  
**U.S. v. Green, 22-CR-391 (ND Ill.), OIG #2018-12-00002**

On June 7, 2023, Maurice Green, owner of Pillar Insurance Services, LLC., was sentenced in the U.S. District Court for the Northern District of Illinois, relative to 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.

Green was sentenced to one day (time served) in the Federal Bureau of Prisons and three years' supervised release. Green is required to serve the first 90 days of his supervised release on home detention. Additionally, Green was ordered to pay restitution in the amount of \$263,116.74 to his victims, including, **\$150,502.32** to the CHA.

Green had previously pleaded guilty to one count of wire fraud, in violation of 18 U.S.C. §1343, on November 28, 2022. As detailed in the information filed on August 11, 2022, 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 fees from 17 contractors related to 77 fictitious bonds, 60 of which were submitted to the CHA. The bonds 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.

The CHA OIG initiated this investigation and worked in partnership with the Federal Bureau of Investigation and U.S. Department of Housing and Urban Development OIG. Prosecution of the matter was handled by the U.S. Attorney's Office for the Northern District of Illinois.



**CHA v. Mong, Civil Court Settlement for Payment of Criminal Restitution  
22 L 50675 (Cook Cty. Cir. Ct.)**

On July 12, 2023, the Circuit Court of Cook County entered a settlement agreement in which former CHA public housing resident, Agwu Mong, agreed to repay the CHA \$300 per month until he has completed the restitution amount of \$40,000 resulting from his prior criminal conviction for felony theft and forgery relative to a scheme to defraud the CHA, in People v. Mong, Case No. 19 CR 1092601.

In May 2022, Mong pleaded guilty and was sentenced to two years' probation and payment of \$40,000 in restitution to the CHA, however, the CHA was required to seek civil enforcement of the restitution order. The CHA's Office of General Counsel therefore filed a Citation to Discover Assets against Mong, which resulted in a civil settlement agreement requiring Mong to satisfy the restitution order through monthly payments.

The OIG's investigation had revealed that while Mong was renting from CHA, he concealed his ownership of a multi-unit rental property for which he was receiving rental income. In addition, Mong rented his CHA unit to multiple sub-lesers.

**Sentencing of Tiajuanna Hawthorne, Former HCV Participant  
People v. Hawthorne, 16-CR-1222901 (Cook Cty. Cir. Ct.) OIG #2014-03-00040**

On August 30, 2023, Tiajuanna Hawthorne, a former HCV participant, was sentenced in the Circuit Court of Cook County relative to her scheme to defraud the CHA and the Federal Emergency Management Agency (FEMA). Hawthorne was sentenced to two years' probation with restitution payments no less than \$500.00 every three months, totaling **\$73,000.00**, made payable to the CHA with final payment due on or before August 29, 2025. Hawthorne previously pleaded guilty to one count of Continuing Financial Crimes Enterprise on April 21, 2017. Her sentencing was delayed to allow Hawthorne to pay restitution payments to the CHA. Between 2017 and 2023, Hawthorne made approximately \$8,700 in restitution payments to the CHA.

The OIG's investigation, initiated in January 2014, revealed that for nearly eight years, Hawthorne fraudulently received CHA benefits totaling over \$84,000.00. Hawthorne failed to disclose her true income when applying for housing assistance. In addition, in 2013, Hawthorne obtained over \$1,000.00 in disaster assistance from FEMA by falsely claiming she owned the residence. Hawthorne was indicted on August 8, 2016, and charged with six felony counts including Theft, Forgery, and Continuing Financial Crimes Enterprise.

Assistance in the investigation was provided by the U.S. Department of Homeland Security, OIG. Prosecution was handled by the Cook County State's Attorney's Office.

**Sentencing of Nekeia Spruill, Former Private Property Management Employee**  
**People v. Spruill, 22-CR-0228801, OIG #2020-02-00030**

On November 30, 2023, Nekeia Spruill, a former property manager for Leasing & Management, Inc. (L & M), who worked at two CHA mixed-income properties, pleaded guilty in the Circuit Court of Cook County to one count of Theft of Government Funds relative to her scheme to defraud the CHA by depositing over \$83,000 in tenant rent payments to her own accounts. Spruill was sentenced to 24 months' probation and ordered to pay restitution to the CHA in the amount of **\$83,103.59**, including \$15,000, which Spruill tendered in court at sentencing.

Spruill had previously been charged in a nine-count indictment for theft, forgery, and wire fraud in connection with her management of Keystone Place Apartments and Dorchester Housing + Art Collaborative from February 2017 through October 2019. During that time, Spruill altered over \$83,000 in money orders used by tenants to pay rent, by changing the payee to herself. Spruill then fraudulently deposited the money orders into her personal bank accounts. The rent payments were from tenants at that the two properties, including CHA public housing residents, CHA HCV participants, and market rate renters. L & M worked closely with the OIG to support the investigation and ensure no tenants were negatively affected.

The CHA OIG worked the investigation jointly with the Chicago Police Department Financial Crimes Unit. Prosecution was handled by the Illinois Attorney General's Office, Public Integrity Bureau.



**PENDING CRIMINAL MATTERS**

**OIG Criminal Cases Pending in Court**

At the end of 2023, the OIG had **4** criminal cases pending in court. Two of those cases stem from one OIG investigation.

Case Name	Indictment	Summary of Charges	Scheme	Updates
People v. Brown 22 CR 0281301 (Cook Cty. Cir. Ct.)	3/2/2022	Class X felony theft and forgery	HCV Fraud	On October 11, 2023, a guilty plea was entered in court by agreement. The hearing was continued to January 29, 2024.
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 8, 2024.
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, 2024.
People v. Robins 23 CR 0619301 (Cook Cty. Cir. Ct.)	6/7/2023	Class X felony theft	HCV Fraud	Status hearing set for February 28, 2024.

**B. ADMINSTRATIVE INVESTIGATIONS - SUSTAINED CASE SUMMARIES**

The OIG sustained 20 administrative investigations for various policy violations in 2023. Representative matters are detailed below.

**Housing Choice Voucher Program - Sustained Administrative Investigations**

**Abandonment of HCV Unit, Failure to Disclose Homeownership and Business Income  
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 the participant owned in Oak Park, Illinois, since approximately 2021. The participant failed to report income from the real estate asset and further failed to report business income, which was the purported basis for the participant's application for two Paycheck Protection Program (PPP) loans.

In response, the HCV department initiated the process to terminate benefits.



**Abandonment of HCV Unit Due to Incarceration, Failure to Disclose Income  
OIG #2021-09-00062, HCV Participant**

An OIG investigation found that an HCV participant failed to notify the CHA of long periods of incarceration and was therefore not residing in their subsidized unit for significant periods of time. The incarceration was the result of a series of four convictions, including two for identity theft. The participant, who was associated with multiple social security numbers, also failed to report business income, which was the purported basis for the participant's application for two Paycheck Protection Program (PPP) loans.

In response, the HCV department initiated the process to terminate benefits.

**Abandonment of HCV Unit, Failure to Disclose Real Estate Assets and Spouse,  
OIG# 2021-11-00005, HCV Participant**

An OIG investigation found that an HCV participant had not resided in their unit for approximately four years. During that time, the participant was living in a house they owned with their spouse. The participant did not disclose their marriage or real estate assets. OIG recommended that the HCV department seek to terminate the participant's voucher.

In response, the HCV department initiated the process to terminate benefits.

**Abandonment of HCV Unit, Failure to Disclose Real Estate Assets,  
OIG# 2019-09-00059, HCV Participant**

An OIG investigation found that a former HCV participant allowed their adult children to reside in the subsidized unit, while the participant and her husband resided in a house that she owned for over six years. The information was provided to HCV for any further appropriate action.

In response, the HCV department noted that the participant had already been terminated from the program for these violations.



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

An OIG investigation found that, for more than three years, a current HCV participant had been living in a house they own in Flowood, Mississippi. The participant, with the knowledge of the HCV landlord, had allowed their sister and a family friend to reside in the subsidized unit. Additionally, the participant had failed to report business income and receipt of a Paycheck Protection Program loan. OIG recommended that the HCV department terminate the individual's participation in the program.

In response, HCV issued the participant a notice of Intent to Terminate on the following bases: the subsidized unit was not the participant's only residence, the family was absent from the subsidized unit for an extended period, unauthorized occupants were living in the subsidized unit, unreported business income, and non-compliance with program administration. HCV further referred the matter to CHA Legal to determine whether to pursue enforcement against the owner of the subsidized unit as well.

**Renting from a Relative, False Submissions**  
**OIG #2021-08-00037, HCV Participant and Landlord**

An OIG investigation found a current HCV participant has been renting a property owned by their daughters since entering the program in 1999. As a result, CHA has made more than \$178,000.00 in HAP payments to one of the participant's daughters, who was registered with the CHA as the landlord. The participant and the landlord-daughter both made multiple false statements to the CHA in regular recertifications, repeatedly affirming that that they were not related.

However, a review of CHA records showed that the initial HAP contract signed by the owner was an outdated form and did not include the owner certification stating that they are not related to the tenant. Additionally, the owner appears to have verbally acknowledged the relationship to CHA contract staff on at least two occasions, and CHA failed to take appropriate enforcement action.

The OIG recommended that the HCV department review the matter for administrative action as appropriate, including termination of the voucher.

In response the HCV department stated it would initiate the termination process.

**Mother and Daughter Voucher Holders Each Failed to Disclose Business Income and Receipt of Combined Total of \$142,000 in PPP Loans**  
**OIG SRI #2022-11-00018**

An OIG investigation found that two HCV participants, a mother and daughter who are each voucher holders, knowingly violated program rules by failing to disclose business income from multiple businesses and for obtaining over \$142,000 in PPP loans, combined. One of the participants also failed to disclose that she had a husband, who resided with her as an unauthorized occupant. The OIG noted that program enforcement for both participants had already been initiated, and recommended that the HCV department review the additional information for any further administrative enforcement action, as appropriate.

The HCV department responded that the daughter had not requested a hearing to contest termination of the voucher and her participation had ended. The mother's informal hearing remained pending as of January 9, 2024.

**Public Housing Residents - Sustained Administrative Investigations**

**Failure to Disclose Income Property and Section 3 Business Income**  
**OIG #2020-03-00027, PH Resident**

A recently sustained investigation found that a current public housing resident had not disclosed their ownership of a six-unit residential apartment building, had not disclosed the rental income from the building, and had further failed to disclose the income they received from the business they own, which recently received over \$600,000 from the CHA as a Section 3 contractor.

The OIG recommended that the PAM department take appropriate lease enforcement action. Additionally, the OIG recommended that PAM review the performance of the resident's Section 3 company on its CHA contract to date and determine whether the owner's failure to disclose any income from the business or the rental income in their capacity as a public housing resident warranted potential debarment or other remedial action against the business.

In response, the PAM department reported that property management had initiated the process to terminate the individual's tenancy. Regarding the tenant's business, PAM reported that the business is independent of the individual's tenancy, and CHA had no current performance concerns. The PAM department further responded that the CHA's Workforce Opportunity Resource Center (WORC) team and Department of Procurement and Contracts (DPC) will monitor the business's compliance to ensure it remains an eligible Section 3 business.

**Public Housing Resident Found to be Proprietor of Bed & Breakfast in Mexico**  
**OIG SRI #2023-01-00035**

An OIG investigation found that a current Public Housing resident living at a CHA Senior building failed to disclose their income and ownership of a five-room bed and breakfast in Mexico. The resident further abandoned their CHA unit for long stretches of time—including two years and four months from 2019 to 2021—while living and working in Mexico, operating the B&B. Accordingly, the OIG recommended that the PAM department take immediate steps to terminate the individual's lease and end their participation in the program.

In response, PAM agreed with the OIG's recommendation and referred the matter to CHA's Office of the General Counsel to start the eviction process.

**Personal Use of Central Advisory Council Vehicles**  
**OIG #2022-10-00022, CAC Management**

A recent OIG investigation found that, at the direction and consent of the Central Advisory Council's (CAC) senior leadership, CAC staff had been using CAC-owned vans for personal use, including one employee's daily commute to and from work. The CAC, in turn, had sought and obtained reimbursement of all vehicle expenses from the CHA, without distinguishing between those costs that were reasonably related to CAC business and those which were not. CAC leadership has since reported that all personal use of the CAC vans has stopped.

The OIG recommended that CHA management require the CAC to implement appropriate controls to prevent such violations in the future, including requiring additional supporting records before approving requests for reimbursement of CAC vehicle expenses, and incorporate any such requirements into the parties' annual Funding Agreement to ensure CHA funding is used for its intended purpose. Finally, the OIG recommended the CHA Office of General Counsel review the OIG report for any potential action to seek repayment of tenant participation funds, as appropriate.

In response, CHA management concurred with the OIG's recommendation to require the CAC to implement appropriate controls to prevent such violations. The response stated that the CHA's Resident Services department will ensure that the CAC adopt a vehicle usage procedure and require submittal of vehicle logs with each invoice when requesting reimbursement. Further, staff will explore whether to reimburse for mileage only or continue to reimburse for gas and maintenance costs.

CHA management declined to pursue any contract enforcement action against the CAC, but reported that, "CHA will place clear expectations surrounding reimbursement and consequences for violations in [the CAC's] 2024 Funding Agreement."

## Public Housing Contractors - Sustained Administrative Investigations

### Mismanagement of Site-Based Waitlist, CHA Property and Asset Management Contractor, OIG #2022-03-00090

A recent OIG investigation found that a CHA Private Property Management Company (PPM) mishandled the site-based tenant waitlist at a senior building, and CHA's Property and Asset Management (PAM) staff failed to ensure the building was operating appropriately. First, for several years after the CHA transitioned to an on-line waitlist application process, the PPM continued accepting applications directly, and maintained its own waitlist without reference to the CHA waitlist. PPM and PAM staff agreed that CHA's PAM employees had failed to ensure the building transitioned away from its own waitlist and had not ensured the building was using the CHA's current waitlist process.

Additionally, after a former tenant repeatedly contacted PPM employees, at the building and the PPM's central office, the PPM provided the individual an improper medical accommodation, thereby allowing them to bypass others on the waitlist. The individual had been promised an apartment and received a move-in date, shortly before management of the building transitioned to a new PPM company. The new PPM, which was already managing other CHA buildings, reverted to the waitlist maintained online and denied the individual an apartment. The individual subsequently complained to the CHA. The OIG recommended that the PAM department review the findings with the PPM to ensure it reinforces with its staff the importance of strict compliance with waitlist procedures and all program policies.

In response, PAM agreed with the OIG's findings and reported the following actions it had taken in response to the OIG's report as well as earlier complaints that PAM had received directly:

The PAM Occupancy team digitally merged the PPM's waitlist for the building with CHA's site-based waitlist, taking care to retain the actual date of submission of the paper applications. This step ensured the individual at issue in this matter remained on the waitlist for the property with the appropriate seniority.

In July 2023, PAM facilitated two, full-day training sessions on CHA's waitlist leasing process, which were mandatory for all property management staff engaged in outreach, screening, and leasing units. PPM staff were also required to pass an exam with a score of 70% or more to ensure their fundamental understanding of core waitlist and leasing business processes. Team members who scored less than 70% were not allowed to work on leasing related activities for CHA units until they pass a subsequent exam. PAM staff reported that as of September, all PPM employees with the company at issue had passed the exam.

**Property Manager Failed to Secure Access to Public Housing Storage Facility  
Leading to Theft of Six New Furnaces**  
**OIG #2022-10-00014**

An OIG investigation of the theft of at least six furnaces and other materials from a public housing scattered site storage unit found that a former supervisor with the assigned Private Property Management (PPM) company failed to properly secure and restrict access to the storage unit keys. As a result, in October 2022, items worth a total of approximately \$17,000 or more, were stolen from the scattered site property. In response to the theft, the PPM terminated the supervisor, however the individual was later hired by another CHA PPM firm and assigned to manage another scattered site. While the evidence suggests that a PPM employee participated in the theft, the supervisor's lack of control over the keys and lack of security and anti-theft measures at the scattered site storage facilities meant there was little direct evidence of who committed the theft.

The OIG recommended CHA review these findings with the PPM and seek reimbursement for the costs of the stolen items. Second, the OIG recommended CHA provide the report of investigation to the individual's current PPM employer and ask the PPM to take any action necessary to ensure such lapses do not occur on CHA property again. Finally, the OIG recommended CHA and current PPMs implement additional inventory controls and anti-theft measures at the scattered sites.

In response, PAM met with both PPMs. The first PPM responsible for scattered site storage in October 2022 reported that it had reinforced with its staff the importance of following established inventory control procedures. The PPM agreed to reimburse the CHA \$13,324.74 for 6 furnaces, 2 snow blowers, and 20 shovels that were stolen. The second PPM, now responsible for scattered site storage, no longer uses 8 of the previous locations for storage. Of the four remaining offsite locations, three are for unusable appliances pending disposition, and one is used to store doors. The PPM reported that they have an appliance log, and the Property Supervisor verifies inventory weekly. The PPM provided a list of personnel who provide access to the storage room.



## **Incompetence and Contract Violations by CHA Contractor, OIG #2022-07-00003, CHA Property and Asset Management Contractor**

An OIG investigation found that a former CHA security contractor violated the terms of its contract and exhibited serious incompetence in the performance of its core responsibilities as a private security firm. Specifically, the OIG found that the company, in what was at a minimum extreme negligence, engaged in straw purchases of firearms for its employees, caused its employees to sign and submit false ATF forms, and failed to conduct background checks and drug tests on its employees working at CHA properties.

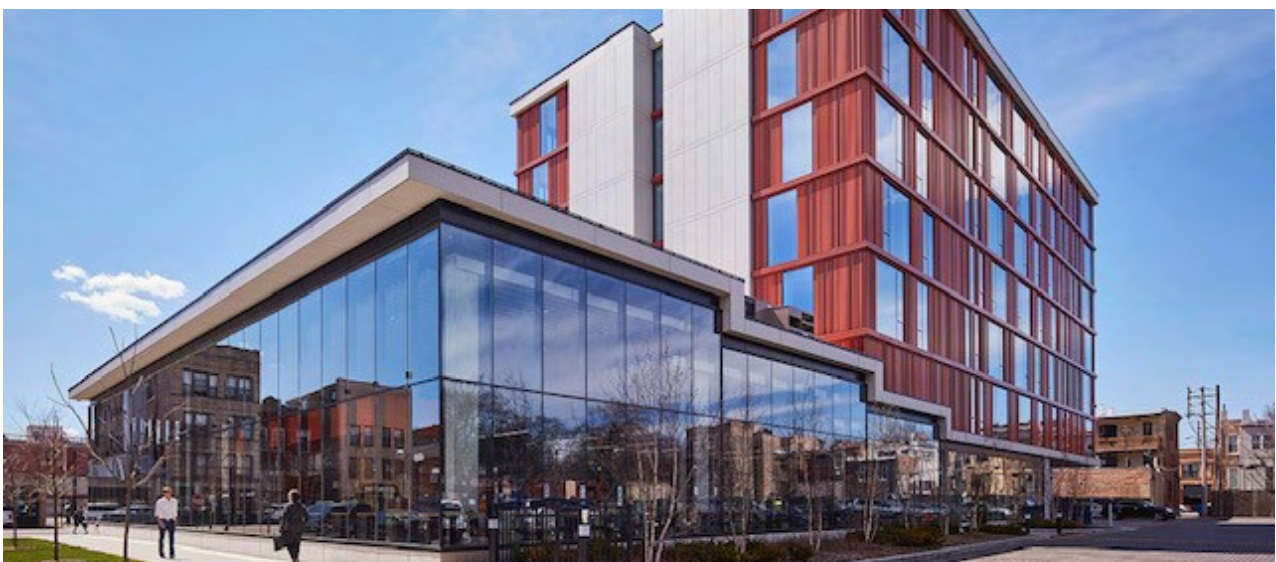
The OIG recommended that CHA's Department of Procurement and Contracts (DPC) and CHA management review the enclosed information for potential debarment or suspension of the company to prohibit the company from entering contracts with the CHA in the future. The OIG recommended that the report be retained in the contractor's vendor records.

In response, DPC stated that it intends to seek debarment of the contractor.

## **CHA Employees - Sustained Administrative Investigation**

### **CHA Employee Misappropriated Ventra Cards and Made False Statements in Official OIG Investigation OIG #2023-0613**

A recent OIG investigation found that a CHA Resident Services employee misappropriated seven CHA-owned Ventra Cards, intended for use by CHA program participants. While the individual did not use the CHA Ventra cards, they falsely represented the cards as their own to obtain new, un-expired cards. The employee subsequently made multiple false statements during the OIG's investigation of the matter. Accordingly, the OIG recommended that CHA terminate the individual's employment. In response, the CHA terminated the individual.



## X. ANALYTICS

The OIG routinely engages in various data analytic projects designed to identify red flags or indicators for fraud, program violations, or other misconduct. In 2023, the OIG completed multiple data analytics projects, some of which resulted in complaints for investigation (as noted in the statistical data provided above), and others which resulted in management Advisories #26, #27, and #28, described below.

## XI. MANAGEMENT ADVISORIES & MEMOS

The OIG issued three management advisories and two management memos in 2023. OIG management advisories and memos notify the CHA of various management and operational issues identified by the 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.

Advisory #	Description/Summary
26	Tracking, Disclosure, and Handling of CHA Employee-Participants and Other Housing-Based Conflicts of Interest
27	CHA Procurement Data and Proactive Procurement Fraud Monitoring
28	Duplicate HAP and Potential Overpayments Related to Tenant Moves





## **OIG Advisory #26 – Tracking, Disclosure, and Handling of CHA Employee-Participants and Other Housing-Based Conflicts of Interest**

On March 13, 2023, the OIG issued Advisory #26, which found that the CHA lacked effective procedures to identify CHA employees, employees' immediate family members, or applicants for CHA employment who are current participants in CHA housing programs. Such procedures are necessary to mitigate any conflicts of interest posed by CHA employees participating in CHA programs and to ensure employee compliance with CHA's personnel rule prohibiting indebtedness to the CHA, including overdue rent.

As of March 2, 2023, the OIG identified 27 current CHA employees with an apparent conflict of interest based on their own participation, or the participation of a family member, in CHA Public Housing or HCV programs. Of the 14 employees who were directly participating in CHA programs, 9 were Public Housing (PH) residents, and 5 were Housing Choice Voucher (HCV) participants.

Five of the 9 CHA employees residing in CHA public housing had unpaid rent balances greater than one month's rent. Three PH employee-participants were hired while having outstanding rent balances greater than one month's rent. Finally, a review of the annual income reflected on the employee-participants' most recent HUD Forms 50058 shows that the income reported by 10 CHA employee-participants was lower than the income reflected in CHA's personnel records.

The 5 HCV employee-participants and 13 employee family members had not had the administration of their vouchers ported out to the Housing Authority of Cook County (HACC) as described in the longstanding Memorandum of Understanding (MOU) that CHA has with HACC to avoid potential conflicts of interest.

The OIG recommended the following: Periodic review of all existing employee-participants and employees with family members participating in CHA programs to ensure compliance with applicable CHA policies, including CHA indebtedness policies and HCV port-out policies. CHA management confer internally with the CHA's Office of General Counsel and the Ethics Officer to determine the best way to mitigate risks for conflicts of interest for participants during the hiring process.

- The CHA Ethics Policy and Statement of Financial Interests (SFI) form be amended to require disclosure of participation by employees or their family members in any CHA program, including PH and HCV.
- While CHA's web-based job application does ask applicants to disclose their participation in CHA programs, that relevant information is not always communicated to hiring managers before an employee is hired.

In response, CHA management committed to the following steps:

- Reviews of conflicts of interest at the time of hire, as well as on a quarterly and annual basis by Human Resources (HR) as well as CHA's Equal Employment Opportunity (EEO) and Equity Officer.
- On a quarterly basis, HR will provide a list of employee-residents to the department where the person is employed as well as Property and Asset Management (PAM), Housing Choice Voucher (HCV), and Resident Services departments to ensure that potential conflicts of interest and any arrearages in rent are appropriately addressed.
- HR has added a question to the CHA employment application asking if the applicant is a participant in a CHA program or a CHA resident. HR will notify the appropriate CHA departments if there is a positive response to this question. These departments could include the department managing the subsidy and the department where the individual is seeking employment.
- HR has begun administering the Statement of Financial Interests (SFI) as part of the onboarding process. Disclosures from the SFI submitted during onboarding as well as during the annual submission will be forwarded to CHA's EEO and Equity Officer in the General Counsel's Office, who will be responsible for contacting the appropriate CHA departments to ensure that potential conflicts of interest are appropriately managed.
- HCV has ported families that had not previously been ported to the Housing Authority of Cook County (HACC).
- PAM will follow standard procedures regarding public housing residents employed by CHA who are in arrears on their rent. These procedures include offering a payment plan, issuing the appropriate demand notices, and referring the resident for services. In addition, the department chief where the individual is employed will also be notified.

Management further wrote that these steps would "balance CHA's interest in ensuring that conflicts of interest are addressed and that CHA employees are not indebted to CHA, while not subjecting residents employed by CHA to inappropriate scrutiny and disparate treatment in their employment, potential employment or housing."



## **OIG Advisory #27 – CHA Procurement Data and Proactive Procurement Fraud Monitoring**

On March 23, 2023, the OIG issued an Advisory notifying management that the CHA's current methods for collecting and storing its procurement and contracting data preclude the detailed analyses needed to proactively identify procurement fraud. Without complete and accessible procurement data, the CHA may be vulnerable to procurement fraud and anticompetitive vendor behavior, such as bid-rigging, price fixing, market allocation, and other collusive practices.

The OIG recommended that the CHA's Department of Procurement and Contracts (DPC) and Department of Information and Technology Services (ITS) work together to identify and implement a more comprehensive, centralized system for collecting, maintaining, and analyzing procurement data. Ideally, this information would be stored in a relational database that captures and stores detailed information from the beginning of the procurement process to contract close-out.

### *OIG Collaboration with DOJ Procurement Collusion Strike Force*

The CHA OIG is committed to proactive integrity monitoring of CHA's procurement processes. In 2022, the OIG worked closely with the U.S. Department of Justice's Procurement Collusion Strike Force (PCSF), a coordinated national effort to combat antitrust crimes and related schemes in government procurement. A key initiative of the PCSF is to encourage public entities to begin capturing and analyzing procurement data, to identify potential collusion and anti-competitive practices.

Through contacts with the PCSF, the OIG was able to consult with international experts in the field of procurement analytics. Researchers at the Danish Competition and Consumer Authority provided pro bono assistance by subjecting anonymized CHA procurement data to a red-flagging dashboard, using a variety of statistical and machine learning-based calculations. This effort identified some potential red-flags for further OIG inquiry, but more significantly, identified gaps in the necessary data. OIG's analysis resulted in the following findings:

### *OIG Findings and Recommendations*

- CHA's current organizational scheme for procurement data is decentralized. Various components of the procurement process and resulting data are split between Lawson, B2GNow, e-Builder, and CHA-wide shared drives. CHA's multiple different software platforms do not interact and cannot exchange data with each other.
- CHA's existing procurement data are inconsistent and incomplete, including the bid tabulations publicly posted to the CHA website as PDF documents, from which data cannot be efficiently aggregated.

- The data that the OIG was able to aggregate from the CHA website and Lawson dated back only seven years and contained numerous gaps. According to DPC, assembling and publicly posting bid tabulation data and other information to the CHA website was a result of the Procurement Reform Task Force launched in May 2015, composed of the City of Chicago and its sister agencies. Procurement records from before 2016 are not as readily accessible. OIG's review also found that more than half (54%) of all procurement events issued by the CHA between October 2016 and June 2022 lacked bid tabulations on the CHA website.
- CHA's supplier and vendor records maintained in Lawson are incomplete and inconsistently maintained. DPC reported it was already making efforts to clean up the Supplier Portal and related supplier/vendor data, and had assigned two staff members to ensure all vendor records are current and accurate.

The OIG recommended that DPC continue to work with ITS staff to identify ways to improve existing procurement data collection practices and work to consolidate the procurement and contract management process in a single software platform.

#### *Management Response*

In response, CHA Management concurred with the recommendations overall and reported it is working to improve system processes. Management concurred that the current organizational scheme for procurement data is decentralized, and the agency would benefit from consolidating software platforms, databases, and document management. Because CHA's instance of Lawson ERP does not support procurement functions, CHA is in the process of exploring a new ERP which may include support for procurement activities.

CHA Management also concurred that the architecture for CHA's website constrains its ability by only accepting PDF documents. However, management noted that DPC does maintain all documents, and that not all solicitation events will have bid tabulations. This issue is expected to be addressed with a new CHA website structure soon.

Finally, management noted that it had provided staff a refresher training and that ongoing training is in place.



## OIG Advisory #28 - Duplicate HAP and Potential Overpayments Related to Tenant Moves

On May 4, 2023, the OIG issued Advisory #28, based on a recent data analytics project, that identified 11 rental units where the owner was receiving two Housing Assistance Payments (HAP) for two separate voucher holders at the same time, as well as 137 participants listed in "Past" status in Yardi with corresponding "Move Out" dates preceding 2023, but for whom CHA was continuing to pay HAP. The OIG reviewed the Yardi records for the 11 duplicate HAP payments and a sample of (20%) of the 137 participants listed in past status, and identified a combined total of approximately \$138,6011 in HAP overpayments for these participants alone. These overpayments appeared to be the result of incorrect processing of tenant files during or after a tenant move, or a transfer from a traditional CHA program to the Family Self Sufficiency Program.

The OIG recommended that the HCV Department review the findings, correct the tenant records, and seek to recoup any overpayments. Additionally, the OIG recommended that HCV review this information with its HCV contractors and housing specialists to determine whether additional training or corrective action is warranted.

In response, the HCV department reported that it corrected the participant records identified in the OIG's reports with payment recoupments and other applicable actions. HCV reviewed the advisory with the HCV contractors, and took corrective action with the employee(s) that made errors regarding FSS families.

Additionally, the HCV department also revamped its process regarding units deemed vacant by an inspector. Going forward, the HCV department will ensure that its program integrity team is regularly receiving inspection reports where the result showed a vacancy to stop the payment the month the tenant moved out of the unit.

The department noted that it has a multiple subsidy report to identify records where duplicative payments occurred for the same client. This report prompted the HCV department to proactively correct the two of the cases identified by the OIG. The HCV department stated it will increase its oversight and use of this report to ensure that all cases with duplicative payments are corrected timely.



## OIG Management Memos

### Management Memo - Indictment of a CHA Construction Contractor

On March 29, 2023, the OIG issued a Management Memo to notify CHA management of the recent indictment of the owner of a current CHA construction contractor. Specifically, in March 2023, the owner was charged by information in the U.S. District Court for the Northern District of Illinois of conspiring to bribe a Cook County public official. In accordance with the CHA's Debarment Policy, which provides that an indictment may be grounds for immediate suspension, the OIG recommended that CHA immediately suspend the owner and the firm from all work with the CHA and monitor the case for potential future debarment of the company.

In response, CHA's Deputy Chief of Procurement issued the company a notice of immediate suspension, prohibiting further work on two pending prime contracts and suspending the company from entering additional contracts with the CHA.

### Management Memo – HCV Satellite Office Rent Overcharges

The OIG issued a Management Memorandum notifying the HCV Department that the entity leasing space to the CHA for use as an HCV Satellite Office had committed billing errors resulting CHA's overpayment of \$14,527, and that the property appeared to have delinquent property taxes from 2020. The OIG recommended that CHA management review its analysis and consider seeking repayment from Overton.

The HCV Department agreed with OIG's recommendation and reported it was working with CHA's Office of General Counsel to communicate with the landlord to collect the overcharged amount of \$14,527 and to correct the issue of the delinquent taxes for the property.



## **XII. AUDITS AND REVIEWS**

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The OIG closed three audits in 2023. The audits are summarized below. Additionally, in December 2023, the OIG finalized its 2024 Audit Plan. Full audit reports may be accessed on the OIG's webpage.

### **Audit of CHA's Tracking and Management of Vacant Public Housing**

On March 10, 2023, the OIG issued a performance audit of CHA's management of its vacant housing stock, with a focus on scattered site public housing units. The audit reviewed CHA public housing vacancy rates as of September 2021 as compared to December 2016, when the OIG last audited CHA's occupancy and vacancy rates. The audit further sought to determine whether CHA has adequate controls to ensure scattered site properties are monitored, repaired, and put back into service promptly. Finally, the audit assessed whether CHA complies with the City of Chicago's vacant building registration ordinance and requirements regarding the maintenance of vacant buildings.

The OIG initiated this audit in response to a complaint received in July 2021 regarding a CHA scattered site property, a single-family home that has been vacant for more than 10 years, as well as OIG's preliminary review of CHA records, which suggested that CHA's long-term vacancy rates had increased compared to 2016 when the OIG last audited CHA's vacancy rate.

### **Summary of Audit Findings**

1. CHA's public housing vacancy rate as of September 1, 2021, remained very high.
  - a. CHA's vacancy rate remained very high at 14.63% as compared to the HUD national standard of 4%.
  - b. Units remained vacant for an extended period of time with no documented reason.
  - c. Scattered site vacancy rates were consistent with vacancy rates for the entire PH portfolio.
  
2. CHA's internal methodology for tracking and calculating its vacancy rate was inconsistent with HUD methodologies for measuring vacancy rates during the audit period.
  - a. CHA's inconsistent classification of vacant units resulted in discrepancies between the data reflected in CHA's Yardi database and HUD's IMS/PIC reporting system, used to track public housing metrics nationwide.

3. CHA was not in compliance with the City of Chicago's Vacant Buildings Ordinance.
  - a. CHA had not registered its vacant buildings with the Chicago Department of Buildings.
  - b. In a sampling of vacant scattered site units, 31% were observed to be not properly secured or maintained.

### **Summary of Recommendations**

The OIG recommended that CHA take the following actions:

- Develop clear, written procedures and benchmarks to accurately track and manage all vacant units to ensure units are returned to the rent roll in a reasonable time or appropriately disposed of.
- Establish a dedicated process to regularly review long-term unit vacancies, including those approved as vacant by HUD, to ensure progress is made in rehabbing, developing, or disposing of properties.
- Develop written procedures regarding the classification of vacant units and methodology for reporting vacancy rates to ensure transparency and accountability in CHA reporting.
- Work with the HUD Field Office to submit the necessary applications to HUD for approval to classify units as Demo-Disposition, Modernization, and Litigation, as appropriate, to ensure CHA reporting in PIC is accurate and consistent with internal Yardi records.
- Develop internal procedures to ensure CHA Property and Asset Management staff monitors and manages PPMs' performance of their obligations to register vacant buildings with the City of Chicago DOB and to secure and maintain vacant properties in accordance with the City of Chicago municipal code.

### **Summary of Management's Response**

**Findings 1 and 2** - Management did not concur with the findings and recommendations. Management responded that it "strongly objects to the characterization that CHA uses its own formulae for calculating occupancy. While the OIG may question the soundness of HUD's methodology, CHA must continue to use and comply with HUD's prescribed MASS methodology for calculating and reporting vacancy rates. HUD's definitions and classification of unit status (HUD PIH Notice 2021-35) are incorporated in CHA's system of record, Yardi."



Additionally, management stated, "[s]ince the 2021 study period, CHA has substantially improved occupancy of leasable units and has implemented several measures to monitor, track and incentivize PPMs to reoccupy units." The response further suggested that, "of the 1,019 long-term vacancies noted, most are [likely] due to units under development or comprehensive rehabilitation projects."

The response continued: "In accordance with HUD PIH Notice 2021-35 which was issued after the 2021 study period, CHA has submitted, and HUD has approved all PIC classifications for CHA units (as of December 2022). CHA has also begun implementation of procedures consistent with HUD's classifications and requirements."

**Finding 3** – Management concurred in part. Management stated, "CHA has registered properties it believes fall within the scope of City of Chicago ordinance requirements. Management will continue to regularly evaluate PPMs' performance under their contractual obligations which include securing and maintaining properties."

### **Audit of CHA's Housing Choice Voucher Abatement Process**

On May 10, 2023, the OIG issued a performance audit of CHA's Housing Choice Voucher (HCV) Abatement Process. An HCV abatement is the temporary stoppage of monthly rent payments to an HCV landlord for a unit where the owner fails to correct violations of Housing Quality Standards. If an owner fails to correct the failed inspection items after two months' time, the voucher holder is required to move. The OIG's audit sought to determine whether the CHA's abatement process was being implemented and managed in a timely and accurate manner.

The OIG's audit found that the Abatement process is largely working well. The audit findings, however, identified areas for improvement in data and process integrity as well as areas for additional quality control to avoid unnecessary errors, particularly those resulting in tenants residing in sub-standard housing. Of note, the audit found that abatements for project-based voucher units more frequently exceeded the two-month duration, in some cases extending for over a year with unresolved inspection issues, due in part to the more limited relocation options for PBVs than the traditional tenant-based vouchers.

### **Summary of Findings**

The OIG identified audit findings that belong to one of two categories:

- Exceptions that reflect potential risks for overall process integrity and policy compliance, such as: the ability to delete abatement records in the Yardi database, delays in relocating PBV voucher holders, and retroactive corrections to inspection results requiring the cancellation of abatements.

- Rare exceptions compared to the populations tested, where slight process modifications or quality control efforts were recommended. Examples include HCV contractors erroneously resuming HAP payments without a successful reinspection, incorrect payments made following the change in ownership of an HCV unit, and inaccurate abatements because of concurrent inspection series occurring at the same unit.

## **Summary of Recommendations**

The OIG recommended that CHA management consider the following actions:

1. Disable the ability to delete approved abatement records and utilize the Yardi "Cancel" function instead and enable Yardi database auditing of abatement record modifications.
2. For project-based unit abatements, implement similar monitoring and documentation processes currently in use to manage tenant-based unit abatement durations. Follow the updated voucher transfer protocols in a timely manner as cited in section 17-VII.B. Moves and Transfers of the 2022 HCV Administration Plan.
3. Implement additional verifications of inspection results (e.g., validate inspector "Drive Sheet" outcomes) prior to initiating and approving an abatement.
4. Review unit inspection and abatement statuses, as well as prior 50058 Yardi settings, during participants' reexaminations to ensure any changes, outstanding issues, or ongoing enforcements are addressed.

## **Summary of Management's Response**

In response, management concurred with some findings and recommendations, concurred in part with others, and did not concur with one of the findings and recommendations. Management did commit to create guidance for staff to not delete abatement records, initiated the process to add an audit trail feature for abatement records, established a process to better identify PBV tenants in abatement for more than 30 days and add them to the transfer list, and review inspections labeled as fail but with no deficiencies (resulting in incorrect abatements and abatement cancellations). With respect to Finding 4, which identified various types of errors in the abatement process, HCV determined that these were isolated mistakes and did not accept any of the quality control recommendations provided by the OIG.

## **Audit of CHA's Implementation of the Procurement Reform Task Force (PRTF)** **Recommendations Part II**

On October 20, 2023, the OIG issued a performance audit of the CHA's progress in implementing the recommendations of the Chicago Procurement Reform Task Force (PRTF) and the CHA OIG. The CHA OIG reviewed 9 procurement reform recommendations: PRTF recommendation numbers 4, 14, 15, 18, 21, 22, and 25, that had not been implemented by CHA as of the 2019 City of Chicago OIG assessment, and 2 additional recommendations (referred to below as #8(OIG) and #9(OIG)) that OIG provided to CHA management following its first PRTF audit in 2019. The OIG commends CHA for implementing the two OIG recommendations regarding contractor disclosures as well as the other numerous improvements made through its work with the PRTF.

### **Summary of Findings**

1. CHA partially implemented 3 PRTF Recommendations and did not implement 4 PRTF Recommendations.
  - a. With respect to the recommendations not implemented, the CHA Department of Contracts and Procurement (DPC) noted that in some instances there was a deliberate decision to not implement recommendations, and in others, the CHA's implementation was prevented by other agencies' inaction.
2. CHA implemented both OIG recommendations regarding Economic Disclosure Statements (EDS) but did not require new or amended disclosures following contract amendments or changes in subcontractors.
3. CHA has not shared its debarment list with its Sister agencies.
4. CHA did not have a uniform electronic system to store supporting contract documents, including EDS.

### **Summary of Recommendations**

The OIG recommended that CHA take the following actions:

1. Require an updated EDS for any new subcontractor and or key employee assigned to an existing contract over \$250,000; and to contracts that have change orders totaling over the \$250,000.
2. CHA should publicly post its list of debarred vendors on its website and separately maintain and share with its Sister Agencies, a Vendor Performance Spreadsheet for use when making contracting decisions. Conversely, CHA must ensure it regularly obtains debarment and performance information from all other Sister Agencies.
3. CHA DPC should ensure all DPC staff maintain a uniform electronic storage system to store supporting contract documents, including the EDS forms, and conduct periodic file reviews to ensure files are complete.

## Summary of Management’s Response

**Finding 2** – Management concurred with the finding and recommendation. “DPC will implement the addition of an updated EDS for any change orders or structural changes in the organization per notice from the vendor.”

**Finding 3** – Management concurred with part of the findings and recommendations. “We concur with part of the findings. DPC will publish the current debarment/suspension list on the website. We do not have a mechanism to share information with the Sister agencies.” DPC will respond to any inquiries from sister agencies.

**Finding 4** – Management concurred with part of the findings and recommendations. “We concur with part of the findings as the files are within the Sourcing System and Project files. We will take under consideration an electronic storage system for the EDS and other vendor documentation during the new ERP system under vendor database management

## 2024 OIG AUDIT PLAN

The following table shows audits in progress and audits anticipated for launch in 2024. More information about audit topics can be found in the OIG Audit Plan for 2024, published on the OIG webpage. The OIG audit plan is subject to change based upon OIG observations, requests by CHA management, and any other emergent issue that require the OIG to respond in a timely fashion.

Audits in Progress	2024 Audits	2024 Follow up Audits
Mixed-Finance/Mixed Income Public Housing Rent Collection	Construction Management and Change Order Process	PPM Tenant Accounts Receivable
Use of Emergency Pandemic Relief Funding	CHA-Managed Unit Turn Cost Controls	Tracking and Management of Vacant Public Housing Units
Follow-Up Audit Public Housing Equipment, Appliances, and Materials Inventory	Manually Prepared Accounts Payable Checks	
CHA Contractor System Access Controls	HCV Port-In Process	
Non-Residential/ Commercial Rental Income	CHA Hiring Process	

### **XIII. OIG STAFF AND CREDENTIALS**

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The work of the OIG is performed by investigators, auditors, and analysts with deep institutional knowledge as well as subject matter expertise in areas of criminal and administrative investigations, government auditing principles, and analytics.

OIG staff hold memberships and relevant professional certifications from the Association of Inspectors General, Association of Certified Fraud Examiners, Association of Local Government Auditors, and the Institute of Internal Auditors, among others.

INSPECTOR GENERAL – KATHRYN RICHARDS was appointed as Inspector General for the Chicago Housing Authority by the CHA Board of Commissioners in April 2021. Richards is a Certified Inspector General and a licensed attorney. Prior to CHA, Richards spent 10 years with the City of Chicago OIG, including five years as the Chief Assistant Inspector General. In that role, she provided strategic guidance and legal counsel on all OIG activities, including investigations, audits, and reviews. Richards is also the Board President of the Illinois Chapter of the Association of Inspectors General, which provides training in professional best practices for all Illinois IG agencies. She previously served as a staff attorney with the Seventh Circuit U.S. Court of Appeals. Richards holds a B.A. in Political Science from New York University and a J.D. from DePaul University College of Law, where she graduated *summa cum laude* with a certificate in public interest law.

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. He is a Certified Inspector General.

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 holds a Bachelor's degree in Criminal Justice and is a Certified Fraud Examiner and a Certified Inspector General Investigator.

SENIOR INVESTIGATOR – MICHAEL MELCHER joined the OIG in June 2023 after retiring with the FBI as Acting Chief of the Crisis Management Unit at FBI Headquarters. Mike also served as the Supervisory Special Agent for the Public Corruption/Civil Rights squad at the Minneapolis Field Office. Mike previously spent a number of years in the Chicago field office, working terrorism, special events, and Russian Organized Crime matters.

Melcher previously served as a police officer in Sioux Falls, SD and also served in the U.S. Air Force as a Russian interpreter and chemical weapons arms control inspector. He has a degree in Political Science from the University of South Dakota and training in leadership development from the FBI.

INVESTIGATOR – ANTHONY Q. SARTIN joined the OIG in January 2021 after retiring from the federal government with over 30 years of law enforcement experience. He spent seven years as a Customs Inspector with the U.S. Customs Service (now Customs & Border Protection). He then worked as a Special Agent with the Federal Aviation Administration Civil Aviation Security Division. Finally, he ended his federal career as a Senior Special Agent after 22 years with the U.S. Department of Transportation OIG. Anthony has an extensive background in fraud investigations including Disadvantaged Business Enterprises, contract fraud, money laundering, and numerous false statements/certifications cases. Anthony graduated from Tennessee State University with a degree in Accounting & Business Law and is a Certified Inspector General Investigator.

INVESTIGATOR – THERESA BERNAL joined the OIG in April 2022. Theresa previously served as a Probation Officer for Cook County Adult Probation and also worked as a LEADS Unit Supervisor with the Cook County State's Attorney Office for four years. She previously worked in the legal field for over 15 years. Theresa holds a Bachelor's degree in Criminal Justice from Roosevelt University. She is a Certified Inspector General Investigator.

INVESTIGATOR – ANGELINA ALLABACK joined the OIG in April 2022. Before working for the OIG, Angelina worked as an Investigator for the Defense Counterintelligence and Security Agency. She holds a dual degree in English and History from Saint Olaf College in Minnesota and a Master's degree in Investigation at the University of New Haven. She is also a Certified Inspector General Investigator.

AUDIT MANAGER – BEATRIZ MARTINEZ joined the OIG in August 2013 after working for CHA's HCV Department as a Quality Control Financial Analyst and the Comptroller Division as an HCV Accounting Supervisor. Beatriz has over 30 years of accounting experience and over 15 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 also 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.

SENIOR AUDITOR – ELLAYE ACCOHI has worked at the OIG since 1998. Ellaye has over 25 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.

PERFORMANCE ANALYST – BRUCE MERRELL joined the OIG in August 2019 after working for 15 years as an Engagement Manager for RSM US LLP, where he supervised numerous attestation examinations. For the last 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, multi-national applications. Bruce is a Certified Fraud Examiner, 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 holds a Bachelor’s degree in English and Communications and a Master’s degree in Public Administration from the University of Illinois Urbana-Champaign.

INFORMATION ANALYST- MAXWELL BROWN joined the OIG in January 2022. Max previously served as a consultant with the Greater Chicago Food Depository, where he worked on issues of food access and equity in Illinois. He received his Master's of Public Policy from the Harris School of Public Policy at the University of Chicago with a certificate in Municipal Finance, and a B.S. in Environmental Health from Colorado State University.

EXECUTIVE ASSISTANT- KIANA GATES joined the OIG in August 2021. Kiana has worked in administration for over 15 years and has gained an enormous amount of experience that has enabled her to work in various administrative roles in both non-profit and private sectors. Kiana received her Bachelor’s degree in Mass Communications from Southern University and A&M College.





The Office of the Inspector General (OIG) is an independent body within the Chicago Housing Authority (CHA). Its purpose is to investigate and audit matters concerning fraud, theft, waste, abuse, and misconduct within or affecting CHA. The OIG promotes economy, efficiency, and integrity in the administration of programs and operations of CHA. The OIG ensures that violations are investigated and prosecuted, as they relate to CHA residents and employees, contractors, subcontractors, or any entity receiving funds from CHA.

For more information regarding this report, please contact  
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Chicago, IL 60605

Or visit our website at [www.thecha.org/fraud](http://www.thecha.org/fraud)

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