



REPORT OF INVESTIGATION

CASE NUMBER:



OFFICE OF INVESTIGATION



REPORT OF INVESTIGATION

INVESTIGATIVE RECORD REVIEW

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Case Number:

Region/Office: Region 5 - Chicago/Chicago

I. BASIS FOR INVESTIGATION

In January 2015, the US Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) initiated an investigation based on a referral from the HUD, Public and Indian Housing Office (PIH). The initial allegations focused on the Cairo, IL, based Alexander County Housing Authority's (ACHA) improper usage of HUD subsidized Asset Management Project (AMP) funds. These funds (also referred to as operating funds and low rent housing project funds) and Capital funds are governed by 24 CFR 990 and OMB Circular A-133.

Additional information provided by the HUD, Office of Labor Standards and Enforcement (OLSE) alleged the ACHA violated wage regulations with both employees and contractors. The allegations provided in the initial phase of the investigation centered on the ACHA's usage of AMP funds to pay for retirement buyout packages and post-employment contracts for a select number of ACHA employees (including the former Executive Director James Wilson [Wilson]).

As the investigation continued, additional allegations surfaced which included the misuse of ACHA credit cards during frequent travel and training events; the purchase of a truck by the ACHA from ACHA employee Martha Franklin (Franklin); and the pressure on ACHA maintenance personnel by maintenance supervisors to provide money for the purpose of purchasing gifts for Wilson.

Simultaneous with the investigation was the decision by HUD's Office of Public Housing in Washington, D. C. to place the ACHA into receivership, to close two ACHA housing complexes, and to provide housing choice vouchers to hundreds of tenant families.

Report by: <input type="text" value="(b)(7)(C)"/>	Approved by: <input type="text" value="(b)(7)(C)"/>	Date: 6-5-19
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II. BACKGROUND OF PUBLIC HOUSING PROGRAM/ OVERVIEW OF ACHA'S PUBLIC HOUSING/TIMELINE OF HUD'S GOVERNANCE

A. Background of HUD's Public Housing Program

Overview of the Public Housing Program

The Office of Public Housing (Public Housing) is a program within the Office of Public and Indian Housing (PIH). Public Housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Nationwide, there are approximately 1.2 million families residing in public housing developments that are owned and operated by about 3,300 local Public Housing Authorities (PHAs). HUD provides Federal aid to local PHAs that, in turn, manage public housing for low-income residents at rents they can afford. Additionally, HUD furnishes technical and professional assistance in planning, developing, and managing these local PHAs. Each year, HUD provides approximately \$4 billion in operating subsidies to assist PHAs in running their public housing programs. In addition to operating subsidies, HUD also awards approximately \$2 billion annually in capital funding to PHAs to develop, modernize, and maintain public housing properties.

PHA Purpose, Structure, and Responsibilities¹

A PHA is a legal entity authorized by a State to develop or to administer low-rent public housing. PHAs are the "caretakers" of public housing funds and must ensure that the funds are properly managed. Operation and management of the PHA is conducted through the PHA's Executive Director, Boards, and/or Commission. PHAs are responsible for operating their housing developments in compliance with the Annual Contributions Contract (ACC) and applicable regulations and procedural requirements. PHAs are responsible for:

- Effectively managing Federal funds without waste, fraud, or mismanagement;

¹ HUD Procurement Handbook for Public Housing Agencies (7460.8 rev-2)

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- Maintaining the accounting books and records in accordance with HUD requirements, and submit required financial reports and related documents in accordance with the ACC and regulatory requirements;
- Preparing an annual operating budget and calculation of performance funding system (PFS) operating subsidy, as applicable, and all related, supporting documents in accordance with the ACC; and
- Submitting to the cognizant field office an annual operating budget, PFS, or both, and all related supporting documents in accordance with the ACC and regulations governing the PFS.

HUD's Oversight of PHAs

HUD uses field offices to ensure that PHAs meet performance requirements and to facilitate the provision of technical assistance, thus safeguarding both public investment and resident quality of life. Primarily, field offices monitor, advise, teach, evaluate, and serve as an advocate for PHAs. HUD's objective is to identify situations where funds are endangered and assist PHAs in correcting those deficiencies. Field offices monitor PHA performance in two ways: (1) remotely in the field office or (2) on-site at the PHA. PHAs without performance or compliance problems generally are not monitored on-site. Field offices may focus their efforts on PHAs that are determined to be in the greatest need of attention.

HUD scores PHAs in the Public Housing Assessment Subsystem (PHAS) using four performance indicators – physical, financial, management condition, and the Capital Fund program (CFP). PHAs that score 90 percent or higher are listed as “high performing,” 60-89 percent scores are considered “standard or substandard,” and scores of less than 60 percent are designated as “troubled.” Troubled PHAs must submit to HUD monitoring and are required to work with HUD on a corrective action plan, among other things. All troubled PHAs are subject to an in-depth budget review by the field office. Where the field office has already approved the PHA's budget or executed a letter of intent, operating subsidies may still be withheld.

PHAs with serious financial, physical, management, or ethical problems are sometimes determined to be in substantial default of their ACC. In these cases, HUD has the ability to temporarily take ownership of the PHA to correct identified problems through a process known as administrative receivership. HUD views administrative receivership as a last resort for assisting PHAs with the most severe problems. PIH's Office of Receivership Oversight (ORO) is responsible for providing day-to-day oversight and direction for these receiverships. ORO must plan, direct, support, monitor, and report on the status of receiverships. Once the PHA is restored as an efficient, ethical, and financially sustainable manager of HUD programs and provider of safe, decent, and affordable

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housing, the PHA can be returned to local control. Once returned to local control, the local field office resumes oversight of the PHA.

B. Related Studies²

In 2015 HUD OIG Region 6, Office of Audit, performed a number of reviews of very small and small housing agencies located in the U.S. Department of Housing and Urban Development's (HUD) Region 6 jurisdiction³. The objective of this review was to summarize the results of the prior audits, reviews, and investigation of very small and small housing agencies to identify common areas of concern or systemic deficiencies. They identified several common violations in 24 of 26 very small and small housing agencies reviewed. Specifically, the housing agencies reviewed (1) did not have adequate financial controls, (2) did not follow procurement regulations or maintain documentation to support their procurement functions, and (3) did not properly administer tenant rents. In addition, executive directors and the boards of commissioners violated requirements. These conditions occurred because agencies' management either chose to ignore requirements or lacked sufficient knowledge to properly administer their HUD programs. HUD stated that it did not have adequate resources to properly monitor or maintain sufficient contact with the housing agencies to provide them with necessary guidance and feedback.

C. Overview of ACHA Public Housing

Although some issues were identified in 2010; HUD has been aware of deteriorating physical conditions at the ACHA since at least 2012. HUD failed the ACHA in every physical indicator since 2012 and every financial indicator since 2013⁴.

² Regional Inspector General for Audit Region 6 completed a review of: *Very Small and Small Housing Agencies Reviewed Had Common Violations of Requirements* as found in September 16, 2015, Memorandum No. 2015-FW-0802.

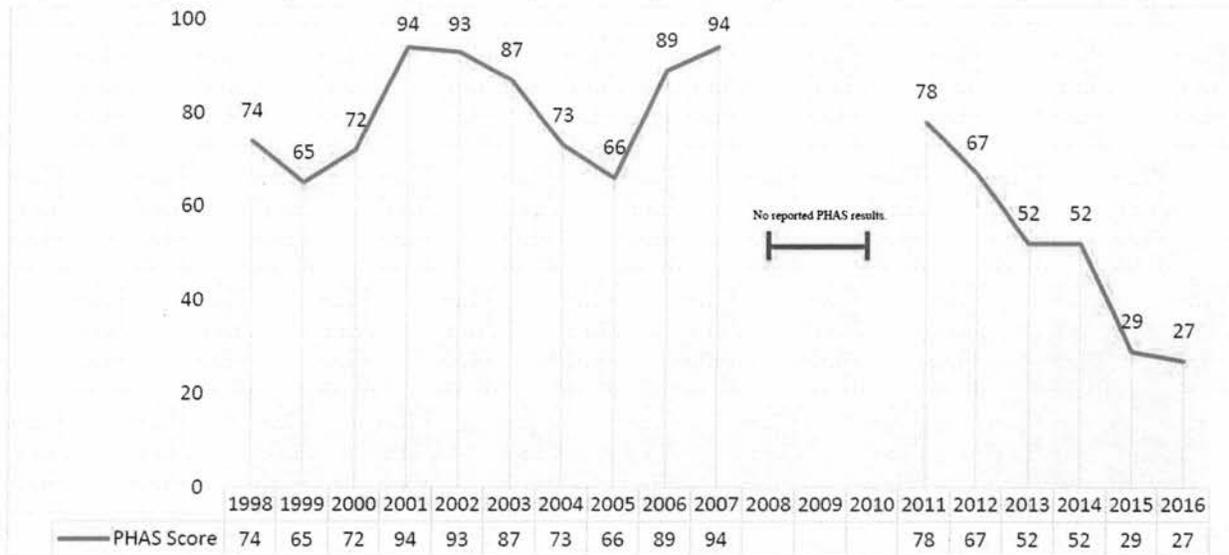
³ Texas, Oklahoma, New Mexico, Arkansas, and Louisiana.

⁴ See Appendix A, HUD OIG Evaluation Design, HUD's Oversight of the Alexander County Housing Authority (2017-OE-0014), dated August 17, 2017.

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Graph 1: ACHA’s PHAS Scores From 1998 – 2016 (Receivership)



Also since 2013, HUD performed multiple assessments and reviews of the ACHA, which highlighted issues with its governance, including misuse of funds, conflicts of interest, and failure to comply with HUD policies and Federal civil rights laws. HUD designated the ACHA as a “troubled performer” in 2013. On February 19, 2016, HUD removed the ACHA’s existing Board and took possession of the ACHA, declaring it in substantial default of its ACC⁵ with HUD. HUD assumed the role of administrative receiver in February 2016.

In April 2017, HUD decided to relocate approximately 400 people, including 200 children, from two pre-World-War II (early 1940s) ACHA housing complexes, Elmwood and McBride. These projects are currently undergoing the demolition process. Additionally, HUD determined that ACHA is no longer financially viable due to abnormally high utility costs, generous employment and benefit agreements, uninhabitable units (more than half -- even before HUD chose to relocate

⁵ As defined in 24 CFR 982.151, an ACC is a written contract between HUD and a PHA outlining the terms of HUD payments to the PHA, over a specified term, for housing assistance and the PHA administrative fee. Under the ACC, the PHA also agrees to administer the program in accordance with HUD regulations and requirements.

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families – resulting from a backlog of deferred maintenance), and exposure from litigation claims, all of which created an unsustainable cost structure. The tenants residing in these housing projects have been offered housing vouchers, which can be used throughout the United States.

D. HUD’s Governance

A timeline, showing HUD’s limited review of the ACHA in 2010, up to and including their referral to the HUD Office of Inspector General, almost 5 years later is documented in the “Timeline” below.

Date	Events
March 29, 2010	<p>HUD completed a Consolidated Tier II review of the ACHA (2010 HUD Review). Outlined in Section 3 of the 2010 HUD Review, which focused on the ACHA’s public housing program, HUD described its observations in certain categories to include ACHA Board governance, organization and staffing, management, and resident services. The 2010 HUD Review indicated several findings in Section 3 related to:</p> <ul style="list-style-type: none"> • The ACHA’s administration of its tenant waiting list. • Conflicts of interest and unallowable costs related to ACHA (b)(7)(C) (b)(7)(C) (b)(7)(C) received payments from the ACHA to pay tenants for lawn mowing services.) • The ACHA’s usage of Central Office Cost Center (COCC) funds. • HUDs inability to determine if the AMPs are operating at a profit or loss based on the ACHAs budget. <p>This review indicated that due to time constraints, HUD did not review the ACHA’s monthly financial statements.</p>
2010 & 2011	The ACHA received Standard Performer ratings based on HUD’s Public Housing Assessment Sub-System (PHAS) which is scored through HUD’s Real Estate Assessment Center (REAC) department.
2012	HUD, through the HUD-PIH, DEC, and REAC offices, conducted multiple reviews of the ACHA and corresponded with the ACHA and its board members on multiple occasions. The correspondence delineated deficiencies

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	<p>found throughout the review process. Interviews and documents obtained by the OIG revealed that HUD’s attention to issues at the ACHA arose after the ACHA received a REAC score designating the ACHA as a Substandard performer for FY 2012. The REAC PHAS score reflected a composite score in the following categories: Physical, Financial, Management, and Capital Funds. Of note, the physical score for the McBride and Elmwood housing projects (Asset Management Project (AMP) 1) received a failing score for FY 2012, following an on-site REAC inspection conducted by a contracted REAC inspector in October 2012.</p>
September 4 – 13, 2013	<p>Prompted by the ACHA being designated as substandard, HUD-PIH conducted an on-site Public Housing Agency Recover and Sustainability (PHARS) review of the ACHA during the time frame of September 4th, 2013 through September 13th, 2013.</p>
November 1, 2013	<p>HUD issued a letter to the ACHA Board which identified issues with the ACHA that were uncovered during the onsite review. The ACHA Board was also provided a document entitled “Results and Determinations, dated October 31st, 2013”, which included:</p> <ul style="list-style-type: none"> • Problems with procurement practices (to include Wilson’s consulting contract), • Physical conditions of the ACHA units, and • Issues with retirement packages offered to ACHA employees
December 13, 2013	<p>In response to HUD’s November 1st, 2013, letter, the ACHA Board passed and submitted an Action Plan to HUD. Action Plan contained the ACHA’s planned corrective measures to HUD’s November 1, 2013 letter and stated that the ACHA disagreed with HUD’s assessment that Wilson’s consulting contract was improperly secured. The Action Plan also addressed the ACHA’s alleged cost saving measures obtained by providing ACHA employees with retirement packages containing buyouts.</p>
April 2014	<p>HUD REAC inspectors conducted a physical inspection of the ACHA projects and issued a passing score for all AMPs to include AMP 1. HUD-PIH employee, (b)(7)(C) provided agents with a document he drafted, titled “Alexander County Housing Authority (IL007) History of 2013 REAC Scoring Rev 9/9/2015”. This REAC Timeline lists (b)(7)(C) account of the timing of events related to REAC’s scoring of the ACHA. HUD REAC (b)(7)(C) and others, indicated that</p>

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	REAC questioned the legitimacy of the AMP 1 physical score, resulting in REAC issuing the ACHA's physical REAC score, but withholding AMP 1's score.
September 2014	REAC designated ACHA's status as a Standard performer.
June 24-26, 2014	<p>From June 24th through June 26th, 2014, the HUD-DEC performed a financial review of the ACHAs financial transactions FY 2010 through April 2014. The DEC concluded:</p> <ul style="list-style-type: none"> • that expenses that should have been paid from COCC funds (de-federalized funds) were paid from AMP funds; • that the COCC was not collecting a fee from the AMPs as allowable; • that "had all of the authorized COCC fees for FY 2013 been charged to the LRHP (Low Rent Housing Project) AMPs, the assets of the LRHP AMPs would have been reduced, resulting in a PHAS financial score of 9.7 out of 25, putting the ACHA in a substandard financial status at September 30th, 2013"; and • that an interfund transfer was completed, effectively loaning money from the AMPs to the COCC⁶.
November & December 2014	HUD REAC employees conducted a physical inspection of ACHA's AMP 1 and AMP 2. AMP 1 received a failing score.
2014 Notes	In order to address statements made in interviews of HUD-PIH employees, alleging the possibility that the contracted REAC inspector was in some way influenced by the ACHA to provide them with a passing physical score in April 2014, several REAC employees were interviewed. Interviews indicated that the contracted REAC inspector had received a negative evaluation of his performance by REAC in another unrelated inspection. This contractor resigned and HUD decertified him as a REAC inspector.
February 2015	After rescoring the ACHA for FY 2013, REAC issued the ACHA a Troubled designation. The rescoring revealed the ACHA failed multiple categories to include the physical and financial categories.

⁶ This interfund transfer is prohibited by HUD, however it was disclosed by the independent auditing firm when they submitted ACHA's annual financials to HUD.

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	HUD-PIH referred the initial allegations to HUD-OIG. After its troubled designation, the ACHA's Board was replaced and a new interim executive director was put in place and Franklin was terminated from her position.
July 2015	The ACHA was again designated as Troubled by REAC ⁷ for FY 2014.

III. INVESTIGATION OF ALLEGATIONS

The OIG investigation focused on the Cairo, IL, based Alexander County Housing Authority's (ACHA) improper usage of HUD subsidized Asset Management Project (AMP) funds with prosecutorial consideration being given to 18 USC 666 (Theft, Intentional Misapplication of Funds), 18 USC 1001, (False Statements) and 18 USC 371 (Conspiracy). These funds (also referred to as operating funds and low rent housing project funds) and Capital funds are governed by 24 CFR 990⁸ and OMB Circular A-133. Specifically, the allegations were:

- The ACHA improperly used AMP funds to pay for retirement buyout packages and post-employment contracts for a select employees;
- ACHA credit cards were misused during travel and training events;
- The ACHA improperly purchased of a truck from an ACHA employee; and
- ACHA maintenance personnel were pressured by supervisors to provide money for the gifts for the ACHA ED.
- ACHA Payments to ACHA (b)(7)(C)

⁷ After a housing authority receives a Troubled designation, HUD's ability to provide governance over the housing authority is strengthened to a degree.

⁸ This part implements section 9(f) of the United States Housing Act of 1937 (1937 Act), (42 U.S.C. 1437g). Section 9(f) establishes an Operating Fund for the purposes of making assistance available to public housing agencies (PHAs) for the operation and management of public housing. In the case of public housing, the Operating Fund provides operating subsidy to assist PHAs to serve low, very low, and extremely low-income families.

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ACHA Employee Retirement and Buyouts.

Investigative activities revealed that Wilson negotiated, with the approval of the ACHA Board of Commissioners (ACHA Board), Retirement Agreements with the following ACHA employees:

(b)(7)(C)

(b)(7)(C) These agreements were executed between June, 2011 and October, 2012. Many of these Retirement Agreements included cash buyouts, monthly health insurance stipends and part time employment opportunities at the ACHA. A HUD-Departmental Enforcement Center (DEC) analysis found that all of the buyouts ACHA employees received were paid with AMP funds. Although there are no HUD regulations barring housing authorities from entering into such agreements, the use of AMP funds is prohibited.

James Wilson Buyout and Consulting Contract

On August 26th, 2011, Wilson entered into an extended executive director contract with the ACHA, which was approved by the board. The contract extended Wilson's contract with the ACHA for an additional five years, ending on August 25th, 2016. A clause in the contract stated that Wilson could terminate his contract at any time and receive a lump sum payment of \$25,000 per year for each year remaining on the contract, for up to two years.

The investigation revealed that on March 23rd, 2012, with over four years remaining on his extended executive director contract, Wilson entered into a consulting contract (which was approved by the ACHA Board) in violation of HUD procurement policies outlined in 24 CFR 85.36. The consulting contract took effect on April 1st, 2013, and ended on September 30th, 2014. In addition to violating procurement policies set forth by HUD, Wilson's consulting contract was paid with AMP funds in violation of 24 CFR 990. Prior to the consulting contract taking effect, Wilson terminated his executive director contract, and, as per the terms outlined within, asserted that he was entitled to a lump sum payment of \$50,000. According to HUD-DEC analysis, the \$50,000 lump sum payment was paid with AMP funds, which is an unallowable use of funds.

After becoming aware of Wilson's consulting contract, HUD officials notified the ACHA that Wilson's consulting contract was in violation of the HUD procurement policies outlined in 24 CFR 85.36 and Section 19 of the Annual Contributions Contract (ACC) with HUD. Following the recommendation of HUD, the ACHA terminated Wilson's consulting contract, but disagreed with HUD's finding. Wilson then threatened to file a law suit against the ACHA, unless the ACHA paid the amount of funds owed on the remainder of his consulting contract. The ACHA Board voted to pay Wilson the remaining funds left on his contract in the form of a settlement agreement.

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Travel and Training Expenditures

Between 2011 and 2014, the ACHA paid at least \$70,000 for travel and training expenses of ACHA employees. This did not include ACHA credit card purchases made while on travel. ACHA policies related to travel and training allow ACHA employees to either fly or drive to the destination of travel. ACHA employees who drive receive mileage reimbursement for their travel expenses, while ACHA employees who fly receive 70% of the mileage reimbursement as if the employee had driven. The policy further states that if the ACHA paid for the flight to the location, the cost of the flight would be deducted from the total reimbursement.

Interviews of HUD-PIH employees indicate that HUD has no regulations requiring public housing authorities (PHA) to submit policies to HUD for approval, however the ACHA was required to follow regulations outlined in OMB Circular A87, which requires expenditures be “reasonable and necessary” to the operation of the PHA.

Although there was no indication that ACHA employees falsely reported the method of travel, the investigation revealed discrepancies between the number of days of travel and the number of days employees received meal and lodging reimbursements on 15 trips involving Wilson and Franklin during the time frame of February 2012 through June 2014. In some instances, ACHA employees received lodging reimbursements during travel in which lodging was paid for by the ACHA through the use of the ACHA’s credit card. These discrepancies total approximately \$10,600 related to their improper use.

Credit Card Misuse

ACHA credit card statements revealed that ACHA credit cards were regularly used to pay for meals, both during normal business hours and while on travel. During the time period, of October 2010 through April of 2014, ACHA credit cards paid for over \$6,000 worth of non-travel related meals at restaurants located in the Illinois, Kentucky and Missouri Tri-State region. ACHA credit cards were also used to purchase multiple gift cards for alleged celebratory events such as Holiday parties.

ACHA Purchase of a Truck from Martha Franklin

It was alleged that the ACHA purchased a truck belonging to an ACHA employee (Martha Franklin). Specifically, The ACHA received title to a truck, previously owned by Franklin, by paying \$16,000 to Ally Bank, who financed Franklin’s purchase of the vehicle. HUD-PIH

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employees indicated this vehicle purchase was made outside the procurement guidelines set by HUD. Agents obtained information that Franklin's vehicle was used by ACHA maintenance staff, and agents themselves observed the truck purchased from Franklin parked at ACHA facilities.

Coercion to Provide Gifts

Two ACHA maintenance personnel alleged that the ACHA maintenance staff were coerced by ACHA maintenance supervisors to provide \$10 to \$20 in cash to be used towards the purchase of a gift for Wilson every Christmas and for a cash retirement gift upon his retirement. The maintenance workers indicated that they believed that if they did not provide the money the (b)(7)(C) would assign them harder work, or terminate them. One worker estimated that he provided \$10 per year for the last (b)(7)(C) years, while the other provided \$10 to \$20 for the last (b)(7)(C) years. An estimation of the funds provided by the maintenance workers indicate that up to approximately \$565 was provided by these two employees over the course of the last (b)(7)(C) years. There was no indication that Wilson was aware the gifts were coerced.

ACHA Payments to ACHA (b)(7)(C)

From at least (b)(7)(C) and through Wilson's authority, the ACHA made payments to ACHA (b)(7)(C). This was in violation of Illinois Law 310 Ill. Comp. Stat. 10/7, which prohibits housing authorities of the ACHA's size from providing compensation to commissioners. Records obtained from the ACHA and (b)(7)(C) show that during this time frame (b)(7)(C) was paid a monthly stipend of \$200 totaling \$8,800 of ACHA funds in violation of Illinois law. This payment was initially categorized as a board member stipend by the ACHA however, in August of 2010, the ACHA under Wilson's authority relabeled the payments to (b)(7)(C) as stipend payments for her role as (b)(7)(C) (b)(7)(C). The McBride housing project had several tenants who served as the McBride Resident Council President at various times, however the investigation revealed that these other tenants received no such stipend. (b)(7)(C) continued to receive a stipend after Wilson's departure as the ACHA's Executive Director through (b)(7)(C) therefore receiving an additional \$4,800, for a grand total of \$13,600 of ACHA funds paid to her as a stipend for the time period of (b)(7)(C).

Grand Jury information removed by SAC Geary.

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IV. ACTION RESULTING FROM ACHA MISMANAGEMENT

In June of 2017, thirty residents of Elmwood and McBride public housing complexes in Cairo entered a settlement agreement with the Alexander County Housing Authority. The agreement stemmed from a lawsuit accusing the housing authority of breaching its lease agreements with residents by failing to maintain housing units in safe and sanitary conditions.

In July of 2017, the HUD Office of General Counsel, Departmental Enforcement Center issued a Notice of Proposed Debarment for two former ACHA executives (James Wilson and Martha Franklin) and a Notice of Proposed Debarment for a board member from participating in government programs⁹. This resulted from numerous violations of HUD regulations and the ACC. Specifically, problems included deplorable physical conditions, severe misuse of Federal funds, civil rights violations, lead-based paint violations, and other issues.

On August 23rd, 2017, HUD OIG Office of Legal Counsel (OLC) made a Referral to HUD Associate General Counsel for Program Enforcement for consideration of Program Fraud Civil Remedies Act of 1986¹⁰ ("PFCRA") action against James Wilson and Martha Franklin. James Wilson was the Executive Director of the Alexander County Housing Authority from 1989-2013 and served as a consultant to the ACHA thereafter. Martha Franklin was the Assistant Executive Director of the ACHA until April 2013 when she became Executive Director and was employed in that capacity until March 2015. The request was made because Wilson caused the submission of 141 false claims for a total of \$101,535.93. Franklin caused the submission of 73 additional claims, for a total of 214 false claims. Franklin's additional claims total \$29,348.00, for a gross falsely claimed amount of \$130,883.78. Penalties for this referral are calculated at the \$4,000 per claim rate for all claims. With the 141 false claims and 2 false certifications, Wilson's potential liability was a total of \$782,071.86 in assessments and penalties; Franklin may be jointly and severally liable for the 141 false claims and personally liable for 73 additional claims. Franklin's potential liability was for a total of \$1,117,767.86 in assessments and penalties.

⁹ In extreme cases, HUD can use suspension and debarment as administrative remedies pursuant to regulations at 24 CFR Part 24.

¹⁰ 31 U.S.C. §§ 3801 *et seq*

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Franklin signed a Settlement Agreement, which was fully executed on August 31st, 2018, requiring her to pay HUD \$30,000 for her role in providing false claims to HUD. The Settlement Agreement also debarred her from participating in covered transactions throughout the executive branch of the Federal Government, for an indefinite period.

Wilson signed a Settlement Agreement on August 30th, 2018, which debarred him, for an indefinite period, from participation in covered transactions throughout the executive branch of the Federal Government. With regards to HUD OGC's Complaint against Wilson, On November 27th, 2018, an Initial Decision and Consent Judgment was entered which requires Wilson to pay HUD civil penalties and assessments in the amount of \$500,000 for his role in submitting false claims to HUD.

(b)(7)(C) was issued a Final Notice of Debarment dated August 28th, 2017, which debarred him from covered transactions in the executive branch of the Federal Government for a period of three years. This debarment is related his violation of HUD's conflict of interest restrictions. As (b)(7)(C) he participated in the negotiation of a contract (b)(7)(C)
(b)(7)(C)

V. INVESTIGATION DETAILS

ACHA Employee Retirement and Buyouts

On February 13th, 2015, (b)(7)(C) of the U.S. Department of Housing and Urban Development Office of Inspector General (HUD-OIG) interviewed HUD-PIH employees (b)(7)(C) (b)(7)(C) regarding their involvement in HUD's review of the ACHA conducted in 2013 after the ACHA was labelled as a sub-standard performer for FY 2012. (b)(7)(C) stated that Wilson created retirement buyout plans for ACHA employees. (b)(7)(C) identified the names of the ACHA employees who received retirement agreements as (b)(7)(C) (b)(7)(C) (b)(7)(C) indicated that Wilson reported to them that the buyouts would save the ACHA money by reducing payroll costs. (b)(7)(C) stated that there was no formula that was used to calculate the payment amount these employees received for their buyout. (b)(7)(C) advised that several ACHA employees

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indicated they never received any formal acknowledgement that a buyout program existed, and the opportunity for a buyout was not offered to all employees. (b)(7)(C) provided the ACHA Employee Retirement Agreements, which showed that Wilson was the authorizing official for all of which were also approved by the ACHA Board.

On March 23rd, 2015, (b)(7)(C) of the HUD-OIG interviewed (b)(7)(C) who stated that the ACHA does not need HUD's approval to spend AMP Funds (also known as operating funds, which were used to fund the buyouts).

On June 23rd, 2016, (b)(7)(C) of the HUD-OIG and (b)(7)(C) of the FBI interviewed Martha Franklin. Franklin indicated that she began working as the ACHA's finance director in approximately 2004, and was employed as the executive director from approximately 2013 through 2015. Franklin stated that the ACHA received funding cuts due to the sequestration. According to Franklin, in some instances ACHA employees reached out to Wilson to seek retirement and buyouts, while in other cases, Wilson reached out to ACHA employees. At Wilson's request, Franklin put together a spreadsheet showing the comparison of costs between the salaries of employees and the retirement agreements. Franklin stated that Wilson hand wrote the employee retirement agreements for her to type up. The retirement agreements were then taken to the ACHA board for approval. Franklin indicated that she struggled with AMP funding principals. Franklin indicated that it was an error in coding that caused the retirement agreements and buyouts to be paid with AMP funds instead of COCC funds. Franklin stated that HUD did not approve any of the retirement agreements for ACHA employees.

On October 20th, 2016, (b)(7)(C) of the HUD-OIG and (b)(7)(C) of the FBI interviewed (b)(7)(C) (b)(7)(C) retired as (b)(7)(C) for the maintenance department in (b)(7)(C) confirmed he received a buyout from the ACHA in the amount of \$30,000. (b)(7)(C) stated that Wilson approached him and asked him if he would like to retire early. (b)(7)(C) stated that Wilson initially offered him a buyout of \$10,000, which (b)(7)(C) then provided a counter offer of \$60,000, before both parties agreed on \$30,000. (b)(7)(C) stated that he never provided anyone a kickback for receiving a buyout. (b)(7)(C) stated that he understood his buyout to be a cost-savings measure implemented by Wilson. (b)(7)(C) stated that after he received his buyout he worked 1 day per week at the ACHA as part of his retirement agreement.

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On October 20th, 2016, (b)(7)(C) of the HUD-OIG and (b)(7)(C) interviewed (b)(7)(C) was employed as (b)(7)(C) (b)(7)(C) confirmed receiving a buyout from the ACHA in the amount of \$25,000 and a post-employment contract requiring him to work (b)(7)(C) hours per week. (b)(7)(C) stated that Wilson reached out to him and asked if he would accept an early retirement buyout.

On May 30th, 2017, HUD-OIG (b)(7)(C) and FBI (b)(7)(C) (b)(7)(C) interviewed (b)(7)(C) (b)(7)(C) had difficulty articulating the difference between the ACHA board and (b)(7)(C) group (b)(7)(C). When asked if she recalled the ACHA board approving retirement agreements and buyouts for ACHA employees, (b)(7)(C) stated that she did not know anything about these retirement agreement and buyouts. (b)(7)(C) stated that she did not attend ACHA board meetings, however when asked if she recalled serving on the board with (b)(7)(C) she indicated that she did. Later in the interview (b)(7)(C) indicated that when she served on the ACHA board she never made any decisions by herself.

On May 30th, 2017, HUD-OIG (b)(7)(C) and FBI (b)(7)(C) (b)(7)(C) interviewed (b)(7)(C) stated that the ACHA's Executive Director would present matters to the ACHA for their approval, and Franklin and Wilson presented information to the ACHA Board when filling the role as Executive Director. (b)(7)(C) was shown the retirement agreements for (b)(7)(C) (b)(7)(C) recalled being on the board and voting to approve most of these agreements. (b)(7)(C) could not specifically recall a retirement agreement for (b)(7)(C) provided that Wilson more than likely presented the retirement agreements to the ACHA and specifically recalled Wilson presenting (b)(7)(C) retirement agreements. (b)(7)(C) stated that the retirement agreements were presented to the board as a cost saving measure. (b)(7)(C) stated that it was his understanding that the retirement agreements were for less than the employee's salary, and those employees' positions were never filled after they left. (b)(7)(C) stated that the ACHA Board approved all retirement agreements that were brought before them. (b)(7)(C) stated that as ACHA Board Chairman, (b)(7)(C) duties included counting votes and maintaining the rules of order during the meetings. When asked if he thought (b)(7)(C) possessed the appropriate mental faculties to perform her duties as the board chairman, Brey stated that (b)(7)(C) "ran the meetings fine." (b)(7)(C)

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stated that the ACHA board was made aware of financial difficulties the ACHA was having. (b)(7)(C) stated that HUD conducted audits of the ACHA annually. (b)(7)(C) was advised that a third party auditing firm conducts audits and submits that information to HUD. (b)(7)(C) provided that the ACHA laid off some of their employees due to the ACHA's financial situation. (b)(7)(C) observed the ACHA's financial issues increase through the years. (b)(7)(C) indicated that in the past years the ACHA had a higher occupancy rate and therefore received a larger amount funding. (b)(7)(C) stated that when he became a board member he received a commissioner's handbook which outlined the duties of the ACHA board. (b)(7)(C) stated that the daily management of the housing authority is not a duty of the board. (b)(7)(C) stated that he is aware of project based funding (AMP funding) and its relationship to the COCC, however did not understand how it worked.

On June 6th, 2017, HUD-OIG (b)(7)(C) and HUD-OIG (b)(7)(C) interviewed (b)(7)(C) and HUD-PIH (b)(7)(C) (b)(7)(C) stated that in regards to ACHA employees who received buyouts and post-employment contract payments, HUD has no influence in the matter, unless the ACHA is in a troubled status. (b)(7)(C) stated that HUD does not have a say in whether or not a PHA can create the type of retirement agreements as those given to (b)(7)(C) (b)(7)(C) stated that Wilson never provided them with a formula showing how these retirement agreement saved the ACHA funds. (b)(7)(C) provided that the one issue they had with the retirement agreements was that they were not offered to all of the ACHA employees. (b)(7)(C) stated that after consulting with the HUD, Office of General Counsel (OGC), they were told that HUD does not possess the power to terminate these post-employment contracts.

On June 9th, 2017, HUD-OIG (b)(7)(C) and (b)(7)(C) interviewed James Wilson (Wilson). Wilson provided his employment background which include being the Mayor of Cairo, IL for 12 years from 1991 through 2003, and being the ACHA's Executive Director from 1989 through 2013. Wilson stated that his highest level of education was earning a bachelor's degree in history and political science from Southern Illinois University. Wilson stated that he has never had a strong background in finances and never received any financial training. When asked for his understanding of AMP funding, Wilson stated that AMP funding is complicated and further stated that he does not have a good knowledge of it. Wilson stated that it was his understanding that the COCC could collect funds from the AMPs. However, Wilson stated that the AMPs never had enough funds to pay the COCC. Wilson expressed the

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ACHA's finances were good prior to HUD lowering their funding due to the sequestration. Wilson stated that when HUD decreased the funding received by the ACHA by approximately \$500,000, it led the ACHA into a financial downward spiral. Wilson maintained that had HUD not become involved in the ACHA's issues in 2011 and 2013, they (the ACHA) would have been able to make it through the sequestration. In regard to (b)(7)(C) Wilson stated that (b)(7)(C) had been an ACHA Board member for approximately (b)(7)(C) years. Wilson stated that (b)(7)(C) was also the (b)(7)(C) stated that (b)(7)(C) received approximately \$200 per month for her role in (b)(7)(C) Wilson stated that (b)(7)(C) also received additional funds from the ACHA for (b)(7)(C) expenses, of which (b)(7)(C) was responsible for. Wilson stated that (b)(7)(C) was also given funds to pay tenants to mow the ACHA's grass. Wilson stated that the ACHA did not maintain records regarding the tenant's mowing services, which should have been maintained by (b)(7)(C)

In regard to retirement agreements the ACHA made with its employees, Wilson stated that the agreements ended up saving the ACHA thousands of dollars each. Wilson stated that he completed a cost benefit analysis for these retirement agreements, but did not retain a copy of the analysis. Wilson stated that he provided the cost benefit analyses to Franklin, for her to type up on her computer. The cost benefit analyses was subsequently presented to the ACHA Board.

James Wilson Buyout and Consulting Contract

On February 13th, 2015, during a HUD-OIG interview, HUD-PIH employee (b)(7)(C) indicated that Wilson also negotiated his own Consulting Contract during the time frame he was still employed as the executive director. (b)(7)(C) indicated that the procurement of Wilson's Consulting Contract was not in line with HUD's procurement regulations outlined in 24 CFR 85.36 (c), which states that no sole source contracts are allowed to be granted without HUD's approval. (b)(7)(C) reported that HUD informed the ACHA Board that in accordance to HUD regulations, Wilson is not allowed to receive this Consulting Contract. (b)(7)(C) further provided that the ACHA Board decided to pay Wilson the full amount of his Consulting Contract despite Wilson not completing the term of his Consulting Contract, in fear that Wilson would file a law suit against the ACHA.

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On June 23rd, 2016, former ACHA, Executive Director Franklin indicated to HUD-OIG that the ACHA board approved Wilson's \$50,000 buyout received as part of his Extended Executive Director Contract. In regard to Wilson's Consulting Contract, Franklin indicated that this contract was approved prior to the termination of his Extended Executive Director Contract being issued because Wilson wanted a smooth transition from executive director to consultant. Franklin stated that as a consultant Wilson assisted her in her executive director duties. Franklin stated that Wilson helped her address the 5 or 6 EEOC charges files against her. Franklin stated that Wilson did more than the required amount of work that was stipulated in his Consulting Contract.

On May 30th, 2017, during a HUD-OIG interview, (b)(7)(C) was shown the Extended Executive Director Contract and the Consulting Contract between Wilson and the ACHA. (b)(7)(C) confirmed her signature located on these documents, however did not recall signing these documents specifically. (b)(7)(C) recalled ACHA employees such as (b)(7)(C) as well as ACHA board members would come to her (b)(7)(C) and ask her to sign documents. (b)(7)(C) indicated that when she was asked to sign documents there were instances in which she was and was not provided explanations of what documents she was signing.

On May 30th, 2017, during a HUD-OIG interview, (b)(7)(C) was shown the Consulting Contract between Wilson and the ACHA. (b)(7)(C) recalled that pursuant to the contract, Wilson would receive (b)(7)(C) per month. (b)(7)(C) stated that Wilson was at the ACHA offices everyday while in his consulting position. (b)(7)(C) did not recall the specific requirements of Wilson's Consulting Contract. (b)(7)(C) stated that HUD removed Wilson from his contracting position at the ACHA and did not recall the ACHA Board removing him via a vote.

On June 6th, 2017, while being interviewed by HUD-OIG agents, HUD-PIH employees (b)(7)(C) were shown Wilson's Extended Executive Director Contract. (b)(7)(C) stated that HUD does not have any guidelines or restrictions for employment contracts for PHA executive directors. (b)(7)(C) provided that HUD has a \$150,000 cap for which federal funds can be used to pay an executive director's salary. There is no requirement that PHAs must submit contracts with executive directors for HUD's approval. In regards to Wilson being paid (b)(7)(C) \$50,000 after terminating his Extended Executive Director Contract, (b)(7)(C) stated that there is nothing HUD can do to stop the payment of bonuses and other payments. Agents were told that PHA employees' salaries are paid from funds based on where they are working. If an employee

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works at several different sites, then their salaries should have been billed appropriately. With respect to any records reflecting Wilson's time spent at each AMP and time spent on administration, Wilson told (b)(7)(C) that he did not keep any records.

In regard to Wilson's Consulting Contract, (b)(7)(C) stated that Wilson provided the reason why a Consulting Contract was necessary. Specifically, Wilson advised that he had to train Martha Franklin in her new job as executive director. (b)(7)(C) explained that Wilson's contract violated HUD's procurement regulations outlined in 24 CFR 85.36, and the more recent regulations outline in 24 CFR 200. (b)(7)(C) indicated that Wilson's consulting contract is also a clear violation of Section 19 of the ACHA's ACC.

On June 9th, 2017, Wilson told HUD-OIG agents stated that his stepping down as the executive director and moving to a consulting position saved the ACHA approximately \$75,000 that year. Wilson provided a copy of a cost benefit analysis regarding his contract. Wilson stated that he calculated the cost benefit analysis and provided the information to Franklin who then typed the document on her computer. The cost benefit analysis was subsequently presented to the ACHA Board. Wilson stated that the ACHA does not have a copy of this document. Wilson stated that in regards to his Extended Executive Director Contract he was entitled to the lump sum payment of \$50,000 that he received after he terminated his Extended Executive Director Contract with two years remaining on the contract. Wilson stated that he negotiated both his Extended Executive Director Contract and the Consulting Contract with the ACHA. Wilson stated that the ACHA's (b)(7)(C) drafted his Consulting Contract. Wilson stated that "HUD raised hell," with respect to him negotiating his own Consulting Contract with the ACHA. Wilson stated that at the time he entered into a Consulting Contract with the ACHA he did not understand HUD's issues with it as it saved the housing authority \$250,000. Wilson stated that had he known it was wrong, he would have stayed employed as the ACHA's executive director. Wilson stated that neither (b)(7)(C) nor he ever consulted HUD regarding his Consulting Contract.

Wilson stated that he was still employed as the executive director when his Consulting Contract was drafted. Wilson stated that while he was still employed as the executive director he chose Franklin as his successor by telling that ACHA Board that she would be a good choice. Wilson stated that one year prior to leaving his position as executive director he began training Franklin for the position. Wilson stated that once Franklin held the position of executive director, she

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needed him as a consultant to help navigate the political issues that came with that position. Wilson stated that as the ACHA's executive director he had fiscal responsibility over the ACHA's finances. When asked why he threatened to sue the ACHA for voiding his Consulting Contract if he felt a fiscal responsibility for the ACHA, Wilson stated that he believed the conditions of his consulting contract were legitimate. Wilson maintained that the Consulting Contract saved the ACHA money. When told that his Consulting Contract was in violation of HUD procurement policy Wilson responded by saying that he was only paid \$9,000 pursuant to his Consulting Contract, and received the remaining through the threat of litigation.

On December 6th, 2017, (b)(7)(C) of HUD-OIG interviewed (b)(7)(C) ACHA (b)(7)(C) stated that the Wilson Executive Director Contract, which included language that allowed Wilson to receive a lump sum payment for early termination of his employment, was discussed at an ACHA Board meeting and subsequently approved by all board members.

Travel and Training Expenditures

On September 10th, 2015, (b)(7)(C) interviewed ACHA (b)(7)(C) (b)(7)(C) stated that while going through documents at the ACHA, he located travel vouchers for multiple ACHA employees to include Wilson, Franklin, and John Price. (b)(7)(C) further explained that the ACHA paid for mileage reimbursement for trips to San Francisco, Seattle and Las Vegas. (b)(7)(C) stated that Wilson traveled to Las Vegas two times and received mileage reimbursement in both instances. (b)(7)(C) also alleged an instance in which ACHA employees attended a Public Housing Administrator Director's (PHADA) conference and received 11 days' worth of lodging and per diem reimbursement. (b)(7)(C) indicated that in his experience PHADA training events span approximately 5 to 6 days.

On September 19th, 2015, (b)(7)(C) interviewed (b)(7)(C) provided access to a drop-box with ACHA documents related to travel, training and credit card expenditures.

On October 8th, 2015, (b)(7)(C) of HUD-OIG and (b)(7)(C) (b)(7)(C) of the FBI interviewed ACHA (b)(7)(C) indicated

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that she did not attend any ACHA training and travel events as she was not a part of the front office group that typically went on travel to attend training events. (b)(7)(C) further stated that she also did not want to attend training events that required travel because (b)(7)(C) and likes to work when the front office people, to include Wilson and Franklin, were gone. (b)(7)(C) stated that some of the ACHA employees preferred to fly, while others preferred to drive. (b)(7)(C) provided that (b)(7)(C) prefers to drive and stated that it was possible he drove to attend travel in Seattle, WA. (b)(7)(C) stated that Wilson also liked to drive to training locations.

On June 23rd, 2016, former Executive Director Franklin stated to HUD-OIG agents that the ACHA's travel policy had been in place for as long as she could remember. Franklin recalled ACHA employees on travel would receive their travel reimbursement in advance. Franklin advised that (b)(7)(C) was the employee who calculated the amount of travel funds each employee received. Franklin stated that she would often book the flights on the ACHA's credit card for the employees going on travel. Franklin stated that no ACHA employees ever returned any of the travel funds they received that were in excess of the incurred travel costs.

On October 20th, 2016, during a HUD-OIG interview, (b)(7)(C) was shown and confirmed the ACHA's travel policy, (b)(7)(C) indicated that Wilson, as the executive director, would have been the individual who created the ACHA's travel policy, while the ACHA board would have approved it. (b)(7)(C) stated that he would have been the ACHA employee who (b)(7)(C) During the interview (b)(7)(C) was shown an A/P Distribution Remittance and associated ACHA Travel/Expense Voucher related to a trip Franklin took to San Diego, CA, which lists an invoice amount of \$2,178.67 and payment date of January 7th, 2013. (b)(7)(C) was shown that although the voucher reflects Franklin was paid for 6 days of lodging, Franklin was paid for 10 days of meals. (b)(7)(C) stated that the 6 days of lodging reflected the days spent at the conference and the travel days in order to get there. (b)(7)(C) stated that ACHA used a figure of 500 miles per day to determine the amount of travel days. (b)(7)(C) provided no answer as to why there were 10 days' worth of meals paid on this voucher. (b)(7)(C) confirmed that employees driving to travel locations were entitled to receive a \$0.55 mileage reimbursement, while employees that flew were entitled to 70% of the mileage reimbursement.

On May 30th, 2017, (b)(7)(C) stated to HUD-OIG agents that ACHA Board would be presented with information detailing the purpose of a training event and how many

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ACHA employees would be attending the training, after which the ACHA Board was then asked to approve the travel and training. The ACHA Board was never presented information regarding the cost of the training and travel. (b)(7)(C) stated that he was unaware of the details of the ACHA's policies regarding travel and training. (b)(7)(C) stated that prior to the date of travel for training he attended, he was provided a check from the ACHA which covered travel expenses to include meals. (b)(7)(C) stated that if he flew to training events, the ACHA would purchase his plane ticket for him. (b)(7)(C) stated that the ACHA would also purchase his lodging. (b)(7)(C) stated that he was never provided a breakdown of the money he received prior to training nor did he ever sign any travel vouchers. (b)(7)(C) was shown an ACHA Travel Voucher (travel voucher) reflecting him being paid \$3,663 for travel to Seattle, WA to attend PHADA training being held from May 5th through May 9th, 2012. (b)(7)(C) was shown that he received six days of lodging reimbursement and 11 days of meal reimbursement. (b)(7)(C) stated that he does not know why he received 11 days of meal reimbursement. (b)(7)(C) stated when the board learned of financial issues at the ACHA, the ACHA board decided that they (the board) would not take any training trips for a period of time.

On June 6th, 2017, HUD-PIH employee (b)(7)(C) was asked by HUD-OIG agents if HUD has any recourse to address issues with a PHA's travel policy, to which he stated that HUD does not, unless the PHA is placed in receivership. (b)(7)(C) stated that HUD regulations required the ACHA and other PHA's to use COCC funds to cover travel costs. HUD regulations do allow for AMP funds to be used for on-site training held at the respective AMP. (b)(7)(C) stated that HUD does not have regulations limiting or requiring a certain of amount training or the type of training PHA employees receive. (b)(7)(C) stated that HUD does not require PHAs to train their employees in ethics. (b)(7)(C) stated that during their review of the ACHA in 2013, they did not have time to review the travel vouchers on-site.

On June 9th, 2017, Wilson stated to HUD-OIG agents that he was unfamiliar with the ACHA's policy regarding training. Wilson stated that he and his staff attended training conference for PHADA, NAHRO, and NELROD. The type of training provided included legislative training in which HUD would send representatives to provide up-dates on current HUD regulations. These conferences also had exhibitors who would demonstrate products for PHAs. Wilson stated that ACHA Board members were encouraged to attend training at least once per year.

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In regards to the ACHA travel policy, Wilson stated the ACHA Board and himself put it together. Wilson stated that during a HUD review conducted prior to 2010, HUD told the ACHA to update their existing travel policy. Wilson stated that HUD did not mention issues with the travel policy during the review they conducted in 2013. Wilson stated that (b)(7)(C) was in charge of accounts payable, and as part of his duties prepared the ACHA travel vouchers. Wilson stated that he would review the travel vouchers and sign off on them. When shown that the ACHA's travel policy allows employees to receive \$60.00 per day for meal expenses, Wilson stated that he does not know how they came up with this specific dollar amount. Wilson was asked to explain why the ACHA travel policy allowed employees flying to a location to claim 70 percent of the reimbursement allowed for miles driven. Wilson stated that the ACHA board had previously raised concerns regarding employees opting to drive during travel, in order to earn more money, as opposed to opting to fly, resulting in the ACHA incurring higher expenses for travel. Wilson stated that the ACHA travel policy shown, was written in such a way as to incentivize employees to fly more during travel as a cost saving measure for the ACHA. Wilson stated that neither he nor any other ACHA employees reported any of their income received from travel reimbursements to the IRS.

On December 5th, 2017, (b)(7)(C) of HUD-OIG and (b)(7)(C) of the FBI interviewed (b)(7)(C). During the interview (b)(7)(C) stated that he was afforded the ability to go on approximately one trip per year, and recalled going on three trips in total. When asked for his knowledge of the ACHA's travel policy, (b)(7)(C) stated that they were allowed to be reimbursed for mileage at the IRS approved rate, and were provided \$60 per day for meals when traveling a greater distance than 1,000 miles. (b)(7)(C) stated that the ACHA paid for the hotel costs. (b)(7)(C) stated that the ACHA paid for one group meal per trip.

On December 6th 2017, (b)(7)(C) of HUD-OIG interviewed (b)(7)(C). (b)(7)(C) stated that he could not recall ever reading the ACHA's travel policy. (b)(7)(C) stated that the ACHA had a formula they used to calculate the amount of reimbursement one would receive for travel, however he personally never saw the formula they used. (b)(7)(C) stated that he would receive his funds for travel in advance of the trip. (b)(7)(C) stated that he went on two or three training events.

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During the December 6th, 2017, interview of (b)(7)(C) recalled approving the ACHA's travel policy which contained the formulas used to calculate travel reimbursement. (b)(7)(C) stated that he would receive his travel reimbursement in advance of the date of travel. (b)(7)(C) stated that he flew to travel destinations on ACHA trips, and recalled receiving reimbursement for mileage. (b)(7)(C) stated that that ACHA paid for lodging on trips. (b)(7)(C) stated that he was not aware of any excessive spending during travel events. (b)(7)(C) stated that he was not further reimbursed for travel over what the ACHA formulated he should receive. When asked what the benefit of having the ACHA Board member attend training events was, (b)(7)(C) stated that HUD stated that housing authority board members needed training.

Credit Card Misuse

During the June 9th, 2017 interview, Wilson was shown an ACHA Visa credit card receipt and ACHA Purchase Distribution dated October 27th, 2012, in the amount of \$700. The ACHA voucher shows this purchase was related to a NAHRO conference held in Nashville, TN. Wilson was shown that the receipt lists 11 guests attended a dinner at Commerce Street Grille (Commerce St). Wilson was advised that according to his records, only 10 ACHA employees attended this training. Wilson stated that he remembered going to Commerce St., however, he does not remember the details of the dinner. Wilson provided it was possible that an ACHA employee may have brought their spouse or a guest. When asked why he believed a \$700 dinner was an appropriate expenditure of ACHA funds, Wilson stated that in every training trip that he attended, he would use the ACHA credit card to pay for one dinner for all of the attendees. Wilson expressed that he believed this is a common practice. Wilson stated that the ACHA board approved of the ACHA paying for one dinner while on travel. Wilsons stated that the dinners were good for employee morale, during which ACHA business was discussed among other things. Wilson stated that in 2012, the Federal sequestration occurred. Wilson provided that in hindsight they (the ACHA) should not have gone to training events and attended dinners, such as Commerce St. Wilson stated that despite the sequestration, the ACHA continued to pay its bills on time. Wilson stated that he was unfamiliar with OMB Circular A-87 which requires PHA expenditures to be reasonable and necessary to the PHA. Wilson stated that the dinners provided to ACHA employees were reasonable for morale, however were not necessary. Wilson stated that if he knew the budget crisis was coming, he would not have paid for those dinners with ACHA funds. Wilson stated that had HUD told him to stop spending money on travel and training, he would have stopped. When

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asked if he knew that OMB Circular A-87, prohibits the purchase of alcohol with PHA funds, Wilson stated that he did not know that. Wilson indicated that he would not prevent an employee from ordering a beer during a dinner paid for with an ACHA credit card.

ACHA Purchase of Martha Franklin's Truck

On August 28th, 2015, (b)(7)(C) interviewed ACHA (b)(7)(C) (b)(7)(C) reported that he had discovered that through Wilson's authorization, the ACHA had purchased a truck from Franklin. (b)(7)(C) stated he located an ACHA check in the amount of \$16,000 and paid to Franklin.

On October 8th, 2015, ACHA (b)(7)(C) stated to HUD-OIG that aside from the ACHA's purchase of Franklin's truck, the ACHA has in the past utilized a State of Illinois contract company and possibly local car dealerships to purchase ACHA vehicles.

On June 23rd, 2016, former ACHA Executive Director Franklin was questioned by agents regarding the ACHA's purchase of her late husband's Chevy Silverado. Franklin stated that she was approached by Wilson, who asked her if she would be willing to sell a truck purchased by her husband. Franklin stated that she indicated to Wilson that she would be willing to sell the truck, however had not thought about selling it prior to Wilson's inquiry. Franklin stated that she provided Wilson that Kelly Blue Book value of the truck. The ACHA then purchased the truck by paying Ally \$16,000. Franklin herself had to pay \$2,000 to Ally. Franklin indicated that she did not compensate anyone at the ACHA for the purchase of the truck.

On October 20th, 2016, (b)(7)(C) indicated to HUD-OIG that ACHA (b)(7)(C) drove the truck that the ACHA purchased from Franklin.

On October 20th, 2016, (b)(7)(C) was interviewed by HUD-OIG and indicated that the check paid to Ally in the amount of \$16,000 would have been approved by Wilson.

On May 30th, 2017, (b)(7)(C) stated to agents that the ACHA Board does not have a role in the ACHA acquiring assets such as Franklin's truck. (b)(7)(C) stated that the

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truck belonged to Franklin's deceased husband and she no longer needed the vehicle. (b)(7)(C) stated that the truck was purchased for a fair price. (b)(7)(C) stated that he is not aware of any HUD procurement rules or regulations.

On June 9th, 2017, Wilson stated AMP Asset Management Fund (AMP) 1 (b)(7)(C) needed a work truck for AMP 1. Wilson stated that (b)(7)(C) asked Franklin if she would be willing to sell the ACHA her white work truck. Wilson stated that Franklin determined how much she owed on the truck and he looked up the Kelley Blue Book value of the truck. Wilson stated that after he determined he could get the truck at a good value, Wilson asked the board for approval to purchase the truck. Wilson stated that he did not do any further research when purchasing this truck. Wilson expressed that he does not believe there are any ethical issues as to how this truck was purchased.

Coercion to Provide Gifts

On January 24th, 2017, (b)(7)(C) of the HUD-OIG interviewed (b)(7)(C) (b)(7)(C) was employed by the ACHA for approximately (b)(7)(C) years. (b)(7)(C) stated that over those (b)(7)(C) years he has been told by former ACHA (b)(7)(C) that (b)(7)(C) needed to provide approximately \$20 to \$25 every December, to be used toward purchasing a Christmas gift for Wilson. (b)(7)(C) stated that (b)(7)(C) told him that if he did not provide this money as a gift to Wilson that he would be put on (b)(7)(C) 'shit-list,' which (b)(7)(C) interpreted to mean that (b)(7)(C) would be assigned harder manual labor duties. (b)(7)(C) stated that he was told by (b)(7)(C) that not providing money for Wilson's Christmas gift could also result in his dismissal from the ACHA. (b)(7)(C) stated that he provided the gift money in cash to either (b)(7)(C) also provided that Wilson also received money as retirement gift. (b)(7)(C) stated that he never overheard Wilson ask for the gift money that (b)(7)(C) provided.

On February 14th, 2017, (b)(7)(C) of the HUD-OIG interviewed ACHA (b)(7)(C) (b)(7)(C) stated that he has been employed (b)(7)(C) with the ACHA for approximately (b)(7)(C) years. (b)(7)(C) stated that during his years of employment, he was required to pay \$10 every Christmas towards a present for Wilson. (b)(7)(C) indicated that if

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maintenance workers did provide money for Wilson's gift, the consequences could be having their hours cut, a decrease in pay, termination or being assigned what (b)(7)(C) referred to as "dirt work." (b)(7)(C) stated that he handed the money for Wilson's gift to (b)(7)(C) stated that other ACHA AMP (b)(7)(C) told (b)(7)(C) to provide gift money for Wilson.

On June 9th, 2017, Wilson stated that (b)(7)(C) and other ACHA employees would chip in approximately \$5.00 to \$10.00 and purchase a gift for him. Wilson stated that he never asked them to provide a gift. Wilson denied being involved in any coercion to get employees to provide him with a gift. Wilson confirmed receiving approximately \$300 to \$400 of cash as a retirement gift. Wilson stated that he never forced anyone to provide him with a gift.

ACHA Payments to ACHA (b)(7)(C)

During the December 5th, 2017 interview of (b)(7)(C) stated that he was aware that (b)(7)(C) received a stipend for being on the (b)(7)(C) (b)(7)(C) stated (b)(7)(C) stipend was approved previously by the ACHA Board and he "just left it alone." (b)(7)(C) could not recall any conversations concerning changing the purpose of (b)(7)(C) stipend from (b)(7)(C) (b)(7)(C)

On December 5th, 2017, (b)(7)(C) of HUD-OIG and (b)(7)(C) of the FBI interviewed (b)(7)(C) indicated that he did not know why (b)(7)(C) was receiving a stipend for being on the (b)(7)(C) (b)(7)(C) recalled asking Wilson if it was legal to pay (b)(7)(C) a stipend, to which he was told by Wilson that it was legal.

On December 5th, 2017, (b)(7)(C) of HUD-OIG and (b)(7)(C) of the FBI interviewed (b)(7)(C) (b)(7)(C) indicated that she was (b)(7)(C) during the time period of approximately (b)(7)(C) indicated that she did not receive a stipend for her role as (b)(7)(C) provided that (b)(7)(C) (b)(7)(C) did receive a stipend for her work.

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Case Number: (b)(7)(C)

On December 6th, 2017, (b)(7)(C) indicated in a HUD-OIG interview that a portion of his service to the ACHA Board was (b)(7)(C) stated that he was not compensated as an ACHA Board member, however was not aware of any Illinois law prohibiting housing authority board members from being compensated. (b)(7)(C) stated that he knew that (b)(7)(C) was being compensated by the ACHA while she was (b)(7)(C) but did not know whether the compensation was related to her status as a board member or as (b)(7)(C) (b)(7)(C)

On December 6th, 2017, (b)(7)(C) stated in a HUD-OIG interview that he did not receive compensation for his service on the ACHA Board, nor was he aware of any other board members who receive compensation. (b)(7)(C) indicated that he believed (b)(7)(C) received compensation from the ACHA related to her role as (b)(7)(C) (b)(7)(C)

HUD's Governance of ACHA

On February 13th, 2015, HUD-PIH employees (b)(7)(C) provided information during a HUD-OIG interview on issues with the REAC physical inspection scores issued to the ACHA. More specifically, (b)(7)(C) explained that in 2012, REAC issued an overall score of 67% to the ACHA, with a physical inspection score of 22/40, which rated the ACHA as Substandard. According to (b)(7)(C) the ACHA would later receive an over-all score of 96% which initially did not take into account the physical score of AMP 1. Later, REAC would issue another score for the ACHA for 2013, which gave an overall score of 52%. (b)(7)(C) stated in this interview that the contracted REAC inspector who conducted the initial inspections for 2013, was shown around by ACHA (b)(7)(C) explained that normally, REAC inspectors are unaccompanied when conducting inspections.

On October 20th, 2016, (b)(7)(C) indicated to agents that the REAC inspectors always picked which units were inspected and to his knowledge were not told which units to inspect by the ACHA.

On May 24th, 2017, (b)(7)(C) interviewed HUD-PIH, (b)(7)(C) (b)(7)(C) of HUD's Financial Assessment Sub-

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Case Number: (b)(7)(C)

System (FASS). FASS scores a housing authorities finances, which is then utilized to calculate the housing authorities overall Public Housing Assessment System (PHAS) score.

(b)(7)(C) stated that housing authorities are required to submit their end of fiscal year financial information to FASS. Housing Authorities such as the ACHA submit their unaudited financial to FASS by November following the end of the fiscal year which ends September 30th. Audited financials from an independent public accountant (IPA) are required to be submitted in March following the end of the fiscal year. (b)(7)(C) stated that each AMP receives an individual FASS score which can be added together to receive the housing authorities entity-wide FASS score. The Central Office Cost Center (COCC) is not scored in the FASS system.

(b)(7)(C) stated that the ACHA received an entity wide passing FASS score for FY 2011, however did not have sufficient reserve funds in their AMP 1 and AMP 3 operating accounts. ACHA received a passing FASS score for FY 2012, however all three AMPs lost points due to insufficient reserve funds. In FY 2013, the ACHA received a failing entity wide FASS score mainly due to the low amount of operating funds for AMP 3. AMP 1 and AMP 2 also received a reduced score due to insufficient reserve funds. In FY 2014, the ACHA received reduced points for AMP 1 and AMP 2 having insufficient reserve funds and AMP 3 having no to low operating funds available. The ACHA received failing entity wide FASS scores for both 2015 and 2016 both of which were based solely on unaudited financial statement submissions, as an IPA had not submitted any financial statements for the ACHA for FY 2015 and FY 2016. (b)(7)(C) stated that according to FASS, AMP 1 did not have sufficient reserve funds in its operating account. (b)(7)(C) stated that both AMP 2 and AMP 3 received failing scores due to having low to no operating funds available.

(b)(7)(C) stated that according to 24 CFR Part 990, AMPs are not allowed to provide money to the COCC. (b)(7)(C) further stated that under the same regulations, the COCC cannot receive a management fee if the AMPs do not have requisite funds. (b)(7)(C) provided that in cases in which housing authorities have one bank account which holds both AMP and COCC funds, the housing authority may end up using AMP funds for COCC expenses such as payroll, however the COCC must reimburse any AMP funds that are spend by the COCC. (b)(7)(C) provided a copy of the ACHA's Entity Wide Balance Sheet Summaries (Balance Sheets) dated from 2012 through 2016. (b)(7)(C) showed that in FY 2011's Balance Sheet, line item 144 "Inter Program -Due From" shows \$134,310 is owed to the AMPs and line item 347 "Inter Program- Due To" shows the COCC owes

REPORT OF INVESTIGATION

Case Number: (b)(7)(C)

\$134,310. (b)(7)(C) indicated that the funds owed should have been paid out by the end of the fiscal year. (b)(7)(C) stated that FASS counts money owed to an AMP as an asset of the AMP when calculating that score.

On June 6th, 2017, (b)(7)(C) and HUD-OIG (b)(7)(C) interviewed (b)(7)(C) and HUD-PIH (b)(7)(C). (b)(7)(C) stated that HUD conducted a review of the ACHA in 2010 of which the findings were closed. (b)(7)(C) stated that during the time frame of the 2010 review, the ACHA was not creating retirement agreements or consulting contracts. (b)(7)(C) stated that if a PHA's REAC scores were not low, then HUD may not go to a housing authority to conduct an onsite review. (b)(7)(C) provided that onsite reviews of PHAs typically last for up to a week long. As stated in previous interviews, (b)(7)(C) provided that the ACHA's REAC score started to decrease in 2012. (b)(7)(C) stated that prior to coming out with ACHA's 2013 REAC score, REAC withheld the REAC score related to AMP 1. (b)(7)(C) stated that after the ACHA was labelled as a standard performer for 2013, he requested REAC to conduct a re-scoring of the physical inspections of the ACHA's AMPs. REAC eventually sent another inspector to the ACHA and reevaluated the physical conditions of the AMPs. REAC would then designate the ACHA as troubled. After being labelled as troubled, a housing authority is required to provide HUD with suggested corrective measures. (b)(7)(C) provided agents with his account of the timeline of events regarding HUD-PIH's interaction with REAC, related to ACHA's 2013 REAC scores.

(b)(7)(C) indicated that early on, former HUD-PIH (b)(7)(C) (b)(7)(C) sought to bring the ACHA under receivership, however the HUD HQ to include (b)(7)(C) did not agree with (b)(7)(C) stated that during an August, 2014 conference call, (b)(7)(C) and (b)(7)(C) told them (b)(7)(C) to "make it a local problem," which (b)(7)(C) interpreted to mean that (b)(7)(C) did not want HUD to become involved in issues with the ACHA, and that the local government and the ACHA should deal with these problems instead. (b)(7)(C) stated that no corrective action could be taken until the ACHA was labelled "troubled." (b)(7)(C) provided that (b)(7)(C) asked (b)(7)(C) what she wanted them to do, to which (b)(7)(C) told him to "make it go away." (b)(7)(C) provide that (b)(7)(C) stated to her "I don't want another receivership on my hands."

REPORT OF INVESTIGATION

Case Number: (b)(7)(C)

(b)(7)(C) stated that when HUD-PIH management at HQ decided to place the ACHA into receivership, (b)(7)(C) told HUD, Region 5, (b)(7)(C) to not include HUD-PIH Chicago in the receivership process and therefore (b)(7)(C) were no longer involved.

(b)(7)(C) advised that (b)(7)(C) told them that he had picked the ACHA Board by telling Alexander County (b)(7)(C) who to appoint. (b)(7)(C)

(b)(7)(C) stated that the existing ACHA Board members were removed. (b)(7)(C) stepped down from his position and a new ACHA Board was appointed to include ACHA Board Chairman (b)(7)(C)

(b)(7)(C) stated that (b)(7)(C) was involved in the appointment of a new ACHA Board. Prior to the old ACHA Board members were removed, they adopted ACHA Board Resolution #3376, naming Wilson the interim executive director after Franklin stepped down from that position. Later, the new ACHA Board placed a stop payment on the payments associated with Wilson's contract as the interim executive director. In regards to HUD's ability to intervene in a PHA's operations, (b)(7)(C) stated that there is not much HUD can do unless HUD places the PHA in receivership. (b)(7)(C) stated that if a PHA is listed as "troubled," then HUD can place the PHA on a zero threshold in its LOCCS draws, requiring HUD's approval for them to draw Capital funds. The zero threshold does not impact a PHA's ability to withdraw operating funds from HUD. (b)(7)(C) expressed that if the ACHA did not have enough funds in the COCC to pay for all of its associated costs, then it is the responsibility of the ACHA to prioritize which bills to pay first based on the needs of the ACHA. (b)(7)(C) stated that salaries and payments made to ACHA employees should have come after line items such as paying utility bills. When asked if the ACHA would have asked HUD for permission to use operating funds to cover expense that should have been covered by the COCC, (b)(7)(C) stated that HUD's answer would have been "no." (b)(7)(C) stated that HUD has no recourse to affect how a PHA pays its bills. (b)(7)(C) stated the ACHA employees and the ACHA Board had a duty to provide stewardship over the ACHA, with the understanding that they will make good use of the funds they receive.

On June 9th, 2017, Wilson stated that he presented a five year plan to (b)(7)(C)

(b)(7)(C) of HUD to replace the McBride and Elmwood projects with single family housing units that the ACHA would purchase over the course of 10 years. The proposal for this plan was never submitted to HUD in writing according to Wilson. Wilson stated that 4 houses were built by the ACHA for \$400,000 in total, while the land for the houses was purchased

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Case Number: (b)(7)(C)

from Alexander County for \$20,000. Wilson stated that in hind sight the ACHA should have never purchased these properties.

When asked what led the ACHA to receive a “sub-standard” REAC score in 2012, Wilson stated that there are great discrepancies in REAC scoring which could vary depending on which inspector was assigned. Wilson stated that he was never involved in the selection of the REAC inspector.

In regards to the appointment of ACHA Board members, Wilson stated that (b)(7)(C) may have asked his opinion about an individual who was being considered for appointment to the ACHA Board. Wilson stated that he did influence some of the ACHA Board appointments because he had good relationships with most of the county board.

Wilson stated that in his employment with the ACHA he never contacted HUD for guidance on issues with policies. Wilson blamed the tenants of the ACHA for the poor condition of the units and stated that everyone in the building would have roaches if some of the tenants have poor housekeeping. Wilson stated that he offered to provide free housing to police officers, however, nobody took him up on that offer. In regards to AMP 1, Wilson stated that he purchased more durable screens for the housing projects an installed bullet resistant lighting, closed driveways in the evening and installed fences to keep cars from parking in the grass. Wilson stated that the sequestration and the high utility bills were factors in the financial distress of the ACHA. Wilson stated “we made mistakes, there are things I would do different. Wilson further stated “I did not do anything wrong criminally.”

On June 16th, 2017, HUD-OIG (b)(7)(C) interviewed HUD-PIH employee (b)(7)(C) stated that the FASS score is scored in several categories, the highest weighted of which is the Quick Ratio category which assesses the amount of cash on hand for a given AMP. Other AMP credits such as receivables and inter-fund transfers are assessed in another category that is not weighted as highly as the Quick Ratio. With this in mind, (b)(7)(C) opined that having an inter-fund transfer from the COCC to an AMP may not have affected the ACHA’s score enough to keep the ACHA from being labelled troubled. For a precise answer, (b)(7)(C) would have to re-score the specific FASS score without including the inter-fund transfer in order to provide a precise answer as to if the inter-fund transfer kept the ACHA from being labelled as troubled.

REPORT OF INVESTIGATION

Case Number: (b)(7)(C)

On June 22nd, 2017, (b)(7)(C) interviewed HUD-REAC (b)(7)(C) and HUD-REAC (b)(7)(C) (b)(7)(C) previously sent an email identifying the REAC inspectors who conducted inspections at the ACHA during the time frame of October 2011 through October 2016. (b)(7)(C) identified (b)(7)(C) (b)(7)(C) as the REAC contracted inspector who conducted the April 21st, 2014 inspection of AMP 1, giving it a passing score. On May 12th, 2014, REAC conducted an on-site Collaborative Quality Assurance (CQA) review of (b)(7)(C) inspections conducted at another housing authority or multifamily property. They found his inspections to be “out of standard.” Through his own actions, (b)(7)(C) resigned as a REAC contract inspector and HUD de-certified him as an inspector. When asked why on April 29th, 2014, REAC issued physical scores for AMP 2 and AMP 3, but withheld the physical score for AMP 1, (b)(7)(C) stated that if REAC questions the legitimacy of an AMP’s score they will withhold it. (b)(7)(C) stated that on November 18th, 2014, AMP 1 was re-inspected by REAC (b)(7)(C). When asked why REAC designated the ACHA as a “standard performer” for FY 2013 on September 22nd, 2014, and later designated that ACHA as “troubled” for FY 2013 on February 2nd, 2015, (b)(7)(C) stated that the PHAS financial score was adjusted in February and decreased by 8 points, which designated the ACHA as troubled. (b)(7)(C) provided that it was possible the delay in time between when inspections were conducted by (b)(7)(C) to the time REAC conducted a re-inspection was due to scheduling and budgetary constraints.

On June 28th, 2017, (b)(7)(C) and (b)(7)(C) interviewed HUD-PIH employee (b)(7)(C) expressed that REAC took too long in re-scoring the ACHA for FY 2013, which resulted in the ACHA receiving a “troubled” status. In regards to copies of emails between HUD-PIH employees regarding the ACHA that (b)(7)(C) previously provided, (b)(7)(C) stated that the emails show that HUD-PIH management in headquarters knew of his concern regarding the delay in re-scoring the ACHA, and chose to do nothing. (b)(7)(C) stated that (b)(7)(C) told him that she wanted the issues at the ACHA to be handled through normal channels meaning that it was up to REAC to rescore and label the ACHA as troubled.

(b)(7)(C) was asked if the ACHA or any other housing authorities are required to submit an annual certification or documentation consisting of itemized expenditures of operating funds used for a given year, to which (b)(7)(C) provided that there are no detailed financial reports or certifications

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Case Number: (b)(7)(C)

provided to HUD other than those provided to REAC. (b)(7)(C) stated that PHAs are required to maintain documentation on-site. (b)(7)(C) stated that only on-site reviews conducted by HUD would be able to determine specific usage of funds by PHAs. (b)(7)(C) expressed that the HUD-PIH office in Chicago could have done more in dealing with the ACHA.

On June 28th, 2017, (b)(7)(C) and (b)(7)(C) interviewed (b)(7)(C) HUD-PIH, (b)(7)(C) stated that he started his position as (b)(7)(C) stated that prior to the ACHA being placed in receivership, he travelled down to the ACHA for two days and attended one of the ACHA's board meetings. (b)(7)(C) stated that he verbally reported to HUD-PIH management in headquarters that the ACHA Board was not qualified to oversee the ACHA. (b)(7)(C) stated that (b)(7)(C) along with five or six other HUD officials were against placing the ACHA into receivership. (b)(7)(C) stated that he was told that there was not enough travel funds available to support HUD-PIH employees' travel to the ACHA for an extended period of time. (b)(7)(C) was denied his request to travel to ACHA "on his own dime" in order to fix the issues at the ACHA after being told that traveling for work using his own money would breach HUD protocol. (b)(7)(C) stated that he wanted to identify issues with housing authorities in southern Illinois, to include the ACHA, however, was denied his travel requests to meet with them.

Miscellaneous Information

During the February 13, 2015, interview of HUD-PIH (b)(7)(C) provided information related to conversations he had with (b)(7)(C) (b)(7)(C) stated that (b)(7)(C) told him that the ACHA employees tasked with conducting lease enforcement in the housing projects do not conduct their lease enforcement duties. (b)(7)(C) also provided information to (b)(7)(C) alleging wrong doings of other ACHA employees. (b)(7)(C) also provided information about the City of Cairo community in general. (b)(7)(C) and stated that as part of the review process, they scheduled approximately five to six interviews of ACHA maintenance, all of which called in sick the day of the scheduled interviews. (b)(7)(C) stated that these interviews were rescheduled and conducted. (b)(7)(C) provided that ACHA maintenance staff conducted rehab and modification work outside of HUD procedures. (b)(7)(C) explained that the ACHA maintenance employees were conducting work that could have been contracted out by the ACHA, which is referred to as "force labor." (b)(7)(C) stated that force

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Case Number: (b)(7)(C)

labor is allowable by HUD, so long as it is approved by HUD and the employees are paid Davis Bacon wage, which the ACHA did not provide. (b)(7)(C) also provided additional information in this interview regarding specific ACHA employee, unrelated to case allegations. (b)(7)(C) provided that (b)(7)(C) told them that he handpicked the ACHA Board.

On September 28th, 2015, (b)(7)(C) interviewed, (b)(7)(C) (b)(7)(C) indicated that several ACHA computer hard drives appeared to have been wiped of information. (b)(7)(C) stated that the computer used by ACHA Accounts Payable (b)(7)(C) and the computer used by Franklin were wiped. (b)(7)(C) provided that he was able to access Franklin's computer during the time frame of late July and early August, 2015, however, later observed that all of the files were missing from Franklin's computer during the time frame of September 7th, 2015 or September 14th, 2015.

During a September 30th, 2015, interview of (b)(7)(C) he indicated that Wilson, Franklin and (b)(7)(C) all have connections to Laborer's International Union of North America, Local Chapter 773 (Local 773). (b)(7)(C) indicated the ACHA entered into a collective bargaining agreement with Local 773 covering ACHA employee for the last 5 years regarding their pension plans. (b)(7)(C) stated that the ACHA pays 75% of its employees' pension and 100% of Wilson's pension as outlined in the collective bargaining agreement. (b)(7)(C) stated that the ACHA paid approximately \$60,000 to (b)(7)(C) for her various roles at the ACHA. (b)(7)(C) stated that in HUD's review of the ACHA in 2012 they (ACHA) were told to stop all payments to (b)(7)(C) (b)(7)(C) indicated that the ACHA continued to pay her.

(b)(7)(C) provided computer hard drives formerly utilized by (b)(7)(C) and Franklin. (b)(7)(C) provided the personnel files for Wilson, (b)(7)(C) and Franklin. (b)(7)(C) also provided a folder containing ACHA credit card documents.

On October 8th, 2015, ACHA (b)(7)(C) indicated to agents that Franklin provided (b)(7)(C) with the password to her computer prior to (b)(7)(C) with the ACHA. (b)(7)(C) further stated that the computer formerly utilized by Franklin shows only a black screen.

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Case Number: (b)(7)(C)

On December 3rd, 2015, (b)(7)(C) interviewed the ACHA's (b)(7)(C) (b)(7)(C) was apprised of the HUD-OIG's recovery of multiple computer hard drives and computer towers. As the (b)(7)(C) gave her consent for Agents to search and view information contained on the hard drives.

On January 22nd, 2016, (b)(7)(C) provided two hard drives formerly utilized by (b)(7)(C) and Franklin to FBI CART located in Springfield, IL for imaging. FBI CART was unable to recover any information from the hard drive formerly utilized by Franklin. Agents were able to review information imaged from the hard drive formerly utilized by (b)(7)(C), however did not identify any pertinent case related documents.

On June 23rd, 2016, former ACHA Executive Director Franklin denied to agents in having any involvement in the damaging or wiping of any ACHA hard drives. Franklin stated that she never returned to the ACHA after she was terminated in June 2015.

On October 20th, 2016, (b)(7)(C) admitted in an interview to formatting the hard drive of the ACHA computer that was assigned to him. (b)(7)(C) indicated that he formatted the hard drive after learning (b)(7)(C) the previous Friday. (b)(7)(C) stated there was nothing incriminating on the computer, and formatted the hard drive for the purpose of removing spreadsheets he created for his work at the ACHA. (b)(7)(C) indicated that when he formatted the hard drive he was upset.

On June 9th, 2017, Wilson stated that he had heard from other people that several ACHA computers were "Scrubbed." Wilson stated that he was aware that (b)(7)(C) admitted that he had scrubbed the ACHA computer he had used because it contained his personal information. Wilson provided several names of individual who had access to Franklin's computer after she left.

VI. DISPOSITION

The information obtained through this investigation was presented to the United States Attorney's Office, Southern District of Illinois for prosecutorial consideration. The United States Attorney's Office declined to prosecute the case.

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Case Number: (b)(7)(C)

HUD's Office of General Counsel (OGC) filed Complaints pursuant to the Program Fraud Civil Remedies Act of 1986 (PFCRA) against both Franklin and Wilson. Franklin signed a Settlement Agreement, which was fully executed on August 31st, 2018, requiring her to pay HUD \$30,000 for her role in providing false claims to HUD. As of the date of this report, Franklin has paid \$30,000 to HUD in full. The Settlement Agreement also debarred Franklin from participating in covered transactions throughout the executive branch of the Federal Government, for an indefinite period.

Wilson signed a Settlement Agreement which was fully executed on August 30th, 2018, which stipulates that he is debarred for an indefinite period, from participation in covered transactions throughout the executive branch of the Federal Government. On November 27th, 2018, an Initial Decision and Consent Judgment was entered related which requires Wilson to pay HUD civil penalties and assessments in the amount of \$500,000 for his role in submitting false claims to HUD.

(b)(7)(C) was issued a Final Notice of Debarment dated August 28th, 2017, which debarred him from covered transactions in the executive branch of the Federal Government for a period of three years.