

**U.S. Department of Housing and Urban Development**

**Office of Inspector General**  
**Office of Investigation**



**Investigation into Alleged Misuse of Office  
by the Secretary for the Private Gain of a  
Relative**

# Table of Contents

---

Introduction & Executive Summary .....	1
Applicable Legal Framework .....	2
Investigative Findings.....	3
Carson Jr.'s Interaction with HUD Officials.....	3
Carson Jr.'s Involvement with HUD's Baltimore Listening Tour .....	5
Background on HUD's Baltimore Listening Tour.....	5
Carson Jr. Becomes Involved with the Baltimore Listening Tour.....	5
HUD Officials Discuss the Ethics Implications of Carson Jr.'s Involvement with the Baltimore Listening Tour.....	7
HUD Officials Speak with Carson Jr. about His Involvement with the Baltimore Listening Tour.....	8
HUD Officials Speak with Secretary Carson about Carson Jr.'s Involvement with the Baltimore Listening Tour.....	9
Secretary Carson Speaks with Carson Jr. about His Involvement with the Baltimore Listening Tour.....	10
Carson Jr. Remains Involved with the Baltimore Listening Tour .....	11
Carson Jr.'s Involvement with Adding the Poppleton Neighborhood to HUD's Baltimore Listening Tour .....	12
Carson Jr. Meets with Baltimore Officials Regarding Potential Business Opportunities Involving Redevelopment of the City's Neighborhoods .....	12
Carson Jr. Arranges a HUD Listening-Tour Visit to Baltimore's Poppleton Neighborhood .....	13
HUD Announces a Fair-Housing Decision that Could Potentially Facilitate Development in the Poppleton Neighborhood .....	16
HUD Awards a Grant to Support Development in the Poppleton Neighborhood.....	17
Evidence Regarding Whether Carson Jr. Has Business Interests in the Poppleton Neighborhood or Influenced HUD Decisions Related to Development in That Neighborhood .....	17
Analysis.....	20



## Introduction & Executive Summary

---

On February 2, 2018, the Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD) opened an investigation in response to multiple complaints that HUD Secretary Benjamin Carson may have used his office for the personal benefit of his son, Benjamin Carson, Jr., by allowing him to participate in official Department matters, and particularly in a June 2017 HUD “listening tour” in Baltimore, Maryland.<sup>1</sup> These complaints stemmed from media reporting at the time raising questions regarding whether Secretary Carson may have misused his position by allowing Carson Jr. to invite certain companies or individuals to participate in the Baltimore listening tour for the purpose of advancing his own financial interests. The OIG opened this investigation to determine whether Secretary Carson took official action to personally benefit his son in contravention of federal ethics regulations, and to assess Carson Jr.’s interactions with the Department.

The OIG expanded the scope of this investigation in response to a March 4, 2019 letter regarding Carson Jr.’s interaction with HUD officials addressed from a non-governmental oversight group to the chairpersons of two congressional committees.<sup>2</sup> This letter asserted that publicly available evidence not only showed that Carson Jr. had been “deeply involved in orchestrating” the Baltimore listening tour, but it also “suggest[ed] that a subsequent agency grant award may have been influenced by Ben Carson Jr.’s personal business interests.”<sup>3</sup> The letter focused particularly on HUD decision-making related to the Poppleton neighborhood of Baltimore, alleging that Carson Jr. had successfully advocated for a HUD listening-tour visit to Poppleton “less than a week after a Baltimore Housing Authority official urged [Carson Jr.’s] company, Interprise Partners, to consider investments” in that neighborhood.<sup>4</sup> “And later, in 2018, HUD awarded a \$1.3 million Choice Neighborhoods Planning Grant to aid in redeveloping the Poppleton neighborhood,” which, the letter asserted, “suggest[s] that Ben Carson Jr. may have exerted influence on HUD decisions in service of [his] specific business interests.”<sup>5</sup>

The evidence gathered by the OIG in this investigation does not establish that Secretary Carson used his government position for the personal benefit of his son, Carson Jr.

The evidence shows that Carson Jr.’s most significant interaction with HUD officials pertained to his involvement with the June 2017 Baltimore listening tour, and that he recommended or made contact with at least nine individuals or organizations that HUD officials ultimately invited to attend at least one portion of the two-day tour. The evidence shows that Carson Jr. became involved with the tour after Secretary Carson suggested to subordinates at HUD that they should seek Carson Jr.’s advice regarding potential tour invitees. Secretary Carson told the OIG that he

---

<sup>1</sup> The OIG also received a letter from six U.S. Senators raising concerns about Carson Jr.’s alleged involvement in official Department matters soon after opening the case.

<sup>2</sup> Mar. 4, 2019 Letter from Austin Evers, Exec. Dir., American Oversight, to Rep. Maxine Waters and Rep. Elijah Cummings, U.S. House of Representatives (March 2019 Letter), *available at* <https://www.documentcloud.org/documents/5759154-Letter-Ben-Carson-Jr-s-Influence-at-HUD.html>.

<sup>3</sup> March 2019 Letter, p. 1-2.

<sup>4</sup> March 2019 Letter, p. 2.

<sup>5</sup> March 2019 Letter, p. 2-3.

made this suggestion because a subordinate expressed concerns about delays she was encountering in identifying and selecting the tour participants, and he believed Carson Jr.'s connections within the Baltimore business community could be of benefit to HUD officials planning the tour. Secretary Carson also told the OIG that he had made it clear to Carson Jr. that he should not attempt to use Secretary Carson's position for his own personal gain. Although Carson Jr. declined to be interviewed by the OIG, we did obtain relevant email and other business records and information from counsel representing Carson Jr. and Interprise Partners, which did not indicate that Carson Jr. secured a direct financial benefit through his involvement with the listening tour or any other interactions with the Department.

The OIG found further that Carson Jr.'s business interests did not affect HUD decision-making related to Baltimore's Poppleton neighborhood. Counsel for Carson Jr. and Interprise Partners affirmatively represented to the OIG that neither Carson Jr. nor Interprise Partners have any financial interest in any entity located in, conducting business in, or receiving a direct financial benefit from business in the Poppleton neighborhood. The OIG also interviewed HUD officials who participated in post-listening-tour decisions taken by the Department that could promote development in the Poppleton neighborhood, including the Department's decision to award a \$1.3 million grant to promote such development. The OIG found no evidence that either Secretary Carson or Carson Jr. played any role in this decision-making, which was carried out in the ordinary course of the Department's business according to witness testimony and documents.

Despite the lack of evidence to substantiate allegations that Secretary Carson used his government position to financially benefit Carson Jr., the evidence does suggest that Secretary Carson could have done more to avoid the appearance that he was not complying with federal ethics regulations.

Most significantly, career HUD ethics officials advised Secretary Carson that allowing Carson Jr. to remain involved with the Baltimore listening tour could be perceived as a conflict of interest for the Secretary given Carson Jr.'s personal business interests. But rather than excluding Carson Jr. from participating in the listening tour, Secretary Carson chose to allow Carson Jr. to make his own decision about whether he would remain involved, and Carson Jr. went on to appear at events with Secretary Carson on both days of the tour.

## Applicable Legal Framework

---

The federal ethics regulation found at 5 C.F.R. § 2635.702 prohibits government employees from intentionally using their public office for their "own private gain," or "for the private gain of friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity."

Section 2635.101(b)(14) of the ethics regulations states further that all federal employees "shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth" in the regulations. "Whether particular circumstances create an

appearance that the law or these standards have been violated,” this provision clarifies, “shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.”<sup>6</sup>

## Investigative Findings

---

### Carson Jr.’s Interaction with HUD Officials

Soon after beginning his tenure on March 2, 2017, Secretary Carson met with Linda Cruciani, HUD’s then-Deputy General Counsel for Operations and Acting General Counsel, and Lindsey Allen, HUD’s Assistant General Counsel for Ethics and Appeals, who provided him with an overview of his obligations under the federal ethics regulations. According to Cruciani, Secretary Carson asked if she and Allen would also be willing to meet separately with Carson Jr., which they did on March 22, 2017.

Allen told the OIG that Carson Jr. himself had asked for this meeting and seemed concerned about ethical issues that could arise from his involvement in matters related to Secretary Carson’s responsibilities in his new position. Allen said she felt confident that Carson Jr. would avoid situations that could create the appearance of Secretary Carson acting unethically based on Carson Jr.’s interaction with her and Cruciani during their meeting. Cruciani similarly told the OIG that Carson Jr. “seemed to fully understand and be on board” with the information that she and Allen provided him about Secretary Carson’s ethical obligations. According to Cruciani, she told Carson Jr. during their meeting that one of “Dr. Carson’s responsibilities” as Secretary was adhering to the ethics regulations, which prohibit federal employees from creating the appearance that they are using their offices for the private gain of relatives, because “the standards of ethics run to the government employee.”

Although Carson Jr. may have received a briefing from the Department’s Office of General Counsel (OGC) regarding the ethical standards by which federal employees like Secretary Carson must abide, the evidence does not indicate that Carson Jr. himself took on employee-like status at HUD.

In a January 2018 response to a Freedom of Information Act (FOIA) request, HUD produced records regarding Carson Jr.’s interaction with the Department and stated he did not have an office, a work station, filing cabinets, an email address, or a telephone-user account assigned to him at HUD. In an interview with the OIG, a HUD official who assisted with preparing the response described steps she and others took to gather information in it, which appears largely consistent with information derived from other evidence gathered by the OIG, including (1) witness interviews, (2) email independently collected from the Department, and (3) email produced by Carson Jr.’s company, Interprise Partners, LLC (Interprise).<sup>7</sup>

---

<sup>6</sup> 5 C.F.R. § 2635.101(b)(14). The OIG notes that 18 U.S.C. § 208 could also impose criminal penalties on a federal employee who uses his or her public office to financially benefit a minor child, but that statute is inapplicable here.

<sup>7</sup> The OIG is not identifying certain individuals by name in this report to protect their privacy, including non-HUD employees other than Carson Jr. and HUD employees serving in non-supervisory GS-15 positions or positions at or below the GS-14 level during relevant events.

There is some evidence that Carson Jr. may have been interested in meeting HUD officials who worked with Secretary Carson during the early part of his tenure, but the OIG did not find evidence indicating that Carson Jr. attempted to insert himself into the Department's operations through any such meetings.

For example, email evidence shows that Carson Jr. contacted a Special Assistant working for the Secretary (Special Assistant) to arrange a June 22, 2017 meeting with then-HUD Chief Operating Officer David Eagles. Special Assistant told the OIG he thought Carson Jr. probably asked for this meeting because he wanted to get to know people who worked with Secretary Carson and see that his father was surrounded by "strong" people. Regardless of why he may have wanted this particular meeting, Special Assistant said Carson Jr. did not have a role in HUD operations.

In an interview with the OIG, Eagles said his June 22 meeting with Carson Jr. lasted for around 30 minutes and Carson Jr. asked him questions about what he did for HUD. Eagles said he and Carson Jr. did not discuss details about HUD operations during the meeting, and the two never met again.

Other witnesses also gave descriptions of Carson Jr.'s physical presence at HUD indicating it was limited, including Secretary Carson's former Chief of Staff Sheila Greenwood, who told the OIG she had only seen Carson Jr. in the Department's headquarters building "maybe three times" and had no idea why he was there. Secretary Carson similarly told the OIG that Carson Jr. had only visited him at HUD's headquarters building on a few occasions, and neither Carson Jr. nor any other member of his family had office space in the building.

As for other forms of interaction with the Department, email evidence indicates that Carson Jr. also made contact with some HUD officials on occasion to facilitate third-party outreach to Secretary Carson or others who worked closely with the Secretary. An example of this can be seen in how Carson Jr. made the following introduction to Lynne Patton, who had begun her career at the Department as a Senior Advisor to Secretary Carson but was transitioning into a new role as a HUD Regional Administrator at the time.

On July 13, 2017, Carson Jr. wrote to Patton saying he "would like to introduce" her to someone who "has built an incredible platform to roll out HUD program funds" and was "[d]efinitely someone who could be helpful." This person then responded to Carson Jr.'s message with the following:

As Ben mentioned we're in the process of building our FHA multifamily platform here . . . . We got our MAP license in early 2016 and just got our Ginnie Mae issuer license this past May. Most of our loans have gone through the NY HUB and have been assigned to either Baltimore or Boston. I have nothing but positive things to say about the staff at both locations and so far our experience has been exceptional. I'm looking forward to meeting you and hopefully helping you in any way I can with your transition.

Patton replied by agreeing to meet this person, adding: “Win win. Ben is a master at making connections & the rest of us get to enjoy the benefits!”

Because the OIG did not see evidence indicating that Secretary Carson misused his position in connection with Carson Jr. contacting HUD officials on behalf of third parties, the OIG did not investigate all the actions that the Department may have taken in response to such contact. The OIG did, however, ask Secretary Carson to provide any information he had regarding several individuals who appeared to show interest in Carson Jr.’s ability to reach the Secretary or others at the Department, including the individual who Carson Jr. introduced to Patton in his July 13 message to her. Secretary Carson did not recognize any of these individuals aside from two people who appear to have sought help from the Secretary to find jobs, which Secretary Carson said he did not provide. The OIG also reviewed federal spending databases and other records obtained from the Department and found no evidence that HUD had awarded any contracts to parties that Carson Jr. may have introduced to HUD officials.

### **Carson Jr.’s Involvement with HUD’s Baltimore Listening Tour**

Evidence gathered by the OIG, including email evidence produced by Interprise, indicates that Carson Jr.’s most significant interaction with HUD officials pertained to his involvement with a HUD “listening tour” that took place in Baltimore, Maryland, on June 28 and 29, 2017. The evidence shows that Carson Jr. became involved with this event based on a recommendation from Secretary Carson, and that Secretary Carson allowed Carson Jr. to remain involved with the event even after HUD officials warned him of ethics concerns.

#### *Background on HUD’s Baltimore Listening Tour*

Early in Secretary Carson’s tenure, Secretary Carson’s staff began organizing a series of “listening tours” as a means for the Secretary to see how HUD was addressing the needs of stakeholders in cities around the country and to convey his policy vision to the public. The evidence shows that Patton took charge of organizing listening-tour events with assistance from an Office of Administration employee (Scheduling Official) and others until Patton left her position to become a HUD Regional Administrator in late June 2017.

According to Patton, one goal of these tours was to promote Secretary Carson’s EnVision Center initiative, which she said was intended to provide education, vocational training, and outpatient medical care to HUD-assisted individuals through partnerships with private entities. Patton said that a representative from the White House selected five cities where listening tours would take place, which were (1) Detroit, Michigan; (2) Dallas-Ft. Worth, Texas; (3) Miami, Florida; (4) Columbus, Ohio; and (5) Baltimore, Maryland.

#### *Carson Jr. Becomes Involved with the Baltimore Listening Tour*

According to both Patton and Scheduling Official, Carson Jr. had no involvement with organizing events scheduled in any listening-tour city other than Baltimore. Patton told the OIG that Carson Jr. became involved with the Baltimore listening tour in particular because Secretary Carson suggested to her that his contacts in that city would be useful for setting up events there.

Specifically, Patton said, “it was suggested to me by the Secretary himself that I loop in his son due to his contacts.”

Secretary Carson told the OIG he suggested that Patton contact Carson Jr. after she expressed concerns that HUD was experiencing delays identifying and selecting tour participants. Secretary Carson said he did this because Carson Jr. and his wife, who is the Chief Executive Officer of a company called Myriddian, LLC (Myriddian), are successful and respected members of the Baltimore business community, and Secretary Carson thought they would know of other community members to invite who could help HUD forge public-private partnerships to further the Department’s mission.

Patton told the OIG she believed she contacted Carson Jr. by phone after Secretary Carson suggested she consult with him and asked Carson Jr. where he thought events should be held and who should attend. Email evidence indicates that Carson Jr. may have begun coordinating with Patton on the Baltimore listening tour and making contact with potential invitees as early as mid-May 2017, but it appears the bulk of this activity took place during the weeks in June just prior to the tour. The evidence shows that the Department kept Carson Jr. informed and received input from him up until a day before the tour regarding who it had invited to which events and who had agreed to attend.

For example, on May 10, 2017, Carson Jr. wrote the following to a representative of the Baltimore Mayor’s Office: “Lynn[e] Patton is helping coordinate the Baltimore tour on behalf of HUD. Maybe we can all get together on Friday to discuss the current thoughts and make sure that we are in close alignment[?]” From email sent the next day, it appears Carson Jr. did arrange this Friday meeting. Patton also sent an email on May 11, 2017, forwarding a listening-tour agenda to colleagues at HUD and noting she would be sending it to Carson Jr. and his wife “for their updated review.”

Beginning around mid-June, Carson Jr. sent several messages regarding the listening tour similar to the one he sent to Patton and a representative of one particular company on June 13, 2017: “I would like to introduce you to Lynne Patton, who is coordinating the HUD tour in Baltimore. Lynne is a special advisor to the Secretary from the WH and a good friend. Can we schedule a call to chat about . . . your involvement in the tour?” Subsequent emails show that these three agreed to speak by phone the next day, and this company representative did ultimately receive an invitation to attend the listening tour.

On June 23, 2017, Patton sent an email to Carson Jr. and his wife saying she “wanted to introduce” them to “the full Baltimore team” handling various aspects of listening-tour arrangements now that she was transitioning into her new role as a HUD Regional Administrator. Patton said in this email that she had “explained to the team that you want” copies of the current tour schedule sent to certain invitees “so that they can identify any additional area to join us – other than the final [listening session].”

Email evidence shows that Carson Jr. was involved with the Department’s consideration of at least nine entities for participation in Baltimore listening-tour events. This evidence indicates that HUD invited six of these entities along with representatives of 18 other entities to attend a

one-hour “Listening Session with Non-Profit & Corporate Leaders re: Public/Private Partnerships” event scheduled for 2:30 p.m. on Thursday, June 29, 2017. Other evidence indicates that Carson Jr. or his wife (Mrs. Carson Jr.) may also have encouraged the Department to invite at least one other entity to a different portion of the tour as well.

In her interview with the OIG, Patton said she planned to invite a representative from the federal Centers for Medicare and Medicaid Services (CMS) to the tour before assuming her duties as a Regional Administrator, but did not manage to accomplish this. According to Patton, Scheduling Official called her before the tour began asking if Patton had sent an invitation to CMS, and when she told him she had not, Scheduling Official told her that Mrs. Carson Jr. was “frustrated” that a CMS representative had not been invited.

HUD records, including the tour agenda, indicate that the day before the tour began the Department was still “Awaiting [the] Response” of a CMS representative who it had invited along with 28 other people to attend a one-hour “listening session with EBDI & Johns Hopkins leadership” scheduled for Wednesday, June 28, 2017, “to discuss [the] importance of public-private partnership for housing-related health, safety concerns & neighborhood redevelopment.” After the tour, on or around September 1, 2017, CMS awarded an “Acquisition Workforce Development and Logistics” contract to Myriddian, the company run by Mrs. Carson Jr.

Although this sequence of events did not concern any contracting decisions made by HUD, the OIG requested assistance from the Office of Inspector General for the U.S. Department of Health and Human Services (HHS), which oversees CMS, to obtain information about this Myriddian contract. From that information, it appears the contracting specialist who recommended Myriddian for this CMS contract had no knowledge of Mrs. Carson Jr.’s relationship to Secretary Carson at the time she made her recommendation. According to this specialist, her office agreed to meet with Mrs. Carson Jr. in early July 2017 based on Myriddian’s written proposal, which the specialist characterized as good, and because the company offered workforce training services. The specialist said that the name “Carson” did not mean anything to her until after news reports regarding the contract surfaced months later and that Mrs. Carson Jr. had not indicated she had any relationship to Secretary Carson prior to these reports. The specialist also said that Myriddian had done good work after securing its contract. Additionally, a director in the office responsible for awarding the contract told HHS OIG that he had no knowledge of anyone from that office participating in the Baltimore listening tour, nor of anyone from the CMS Administrator’s Office being involved in the contract-award decision, which the U.S. Small Business Administration approved.

#### *HUD Officials Discuss the Ethics Implications of Carson Jr.’s Involvement with the Baltimore Listening Tour*

The evidence shows that Scheduling Official contacted HUD ethics officials in mid-June raising concerns about Carson Jr.’s involvement with the Baltimore listening tour. On June 14, 2017, Scheduling Official emailed Cruciani saying he “ha[d] some concerns about this trip,” and met later that day with Cruciani and Patton to discuss these concerns.

Cruciani told the OIG that Patton and Scheduling Official both expressed concerns during their June 14 meeting about Carson Jr.'s involvement with inviting representatives of specific entities to the tour. In a memorandum for file dated July 6, 2017, Cruciani documented what took place during the June 14 meeting and subsequent meetings and discussions about the listening tour. According to the memorandum, Patton told Cruciani during their June 14 meeting that "Ben Carson, Jr. and his wife may be doing business" with entities HUD planned to include on the tour, "or may be interested in doing business with these entities," at which point Cruciani "expressed [her] concern that this gave the appearance that the Secretary may be using his position for his son's private gain." In her interview with the OIG, Cruciani said Patton expressed additional concern regarding the amount of emails and telephone calls she was receiving from Carson Jr. about "adding people to the tour" and the potential that those emails would be subject to disclosure under FOIA.

According to Patton, Cruciani's memorandum "mischaracterized" her concerns about Carson Jr.'s participation with tour arrangements. Patton told the OIG that the concerns she raised during the meeting were limited to the number of emails she was receiving from Carson Jr., and did not particularly relate to Carson Jr. and his wife recommending individuals and organizations to be invited to the Baltimore listening tour. Patton said that her emails had been subject to multiple FOIA requests, so she sought advice from Cruciani to ensure that her interaction with Carson Jr. would not be misinterpreted. According to Patton, she told Cruciani that she had no knowledge of Carson Jr. potentially profiting from his involvement with the Baltimore listening tour.

#### *HUD Officials Speak with Carson Jr. about His Involvement with the Baltimore Listening Tour*

On June 23, 2017, Scheduling Official emailed OGC officials relaying that he had received a call from Carson Jr. "who would like to speak about the Baltimore trip," and proposing it would "be best for all of us to be on the same call with him." In response, Scheduling Official, Cruciani, and then-Principal Deputy General Counsel Bethany Zorc arranged to speak with Carson Jr. by phone on June 26, 2017. Cruciani described what took place during this call in her July 6 memorandum:

On Monday, June 26, at the beginning of the call around 9:00 a.m., I reintroduced myself and Beth introduced herself. I said that I wanted to clarify that when OGC had reviewed and approved entities and persons for the Listening Tour that this had been research into whether the entities were involved in litigation with the Department or had been suspended or debarred. I said that OGC did not review the groups for whether they were doing business with Ben Carson, Jr. and would not have the ability to do this. (I was concerned that Ben Carson, Jr. thought that OGC had "cleared" all the entities and people on the list.) I reminded him about our discussion in the early days of his father's tenure and said that the Secretary could not have the appearance of misusing his position for a relative's private gain.

According to the memorandum, Carson Jr. responded by stating "that his dad had asked him to help with the Baltimore tour" and "that he had invited associates 'who work with us, but [who]

advance HUD initiatives.” Carson Jr. “explained that ‘nothing we would do would be near a conflict’ and that ‘we don’t mix and match parties.’” Carson Jr. told the others “that his dad wanted him to be in the room” during the listening tour, that “‘our goal is for Dad to have a successful tenure,’” and that “‘it was ‘helpful for us to get the right people in the room’ to help build vision centers,” adding “‘HUD can’t operate in Baltimore without touching on us.’”

Cruciani concluded her summary of the call as follows:

I explained that the government-wide ethics regulations are the responsibility of the employee of the Department and that the issue would be whether his father (SOHUD) would be misusing his position for his (Ben Carson, Jr.’s gain.) [sic] or creating the appearance of the misuse of position. He asked me to email him the rules . . . . He said that he was comfortable that “our businesses are being insulated.” He also said that he didn’t want to create undue concerns for folks at the office and that he would speak to his dad.

During her OIG interview, Zorc recalled that Carson Jr. fluctuated between expressing understanding about the ethics concerns raised during the call and offering defenses for his attendance at tour events. Zorc recalled further that Carson Jr. had not decided whether he would attend any tour events by the time the call concluded, but said he would speak to Secretary Carson about what was discussed.

After the call, Cruciani emailed Carson Jr., saying “[i]t was good to talk to [him that] morning and cover the government-wide standards of ethical conduct for employees of the executive branch.” In this email, Cruciani quoted text from 5 C.F.R. § 2635.702 (prohibiting the use of public office for the private gain of relatives) and 5 C.F.R. § 2635.101(b)(14) (requiring government employees to avoid any actions creating the appearance that they are violating the law or ethical standards), noted again that these ethical “standards apply to SOHUD,” and said “I hope this helps clarify the concerns.”

#### *HUD Officials Speak with Secretary Carson about Carson Jr.’s Involvement with the Baltimore Listening Tour*

During the afternoon of June 26, 2017, two days before the Baltimore listening tour took place, Scheduling Official, Cruciani, and Zorc met with Secretary Carson in his office. According to Cruciani’s July 6 memorandum, this group advised Secretary Carson at the meeting “not to include Ben Carson, Jr. in the Listening Tour.” The memorandum states that Cruciani “handed [the Secretary] a copy of the email that [she] sent to his son with the government-wide ethics regulations about misuse of position.” In response, “[t]he Secretary said that it would be difficult to have a Listening Tour in Baltimore without his son’s involvement as his son was the largest employer in Maryland.” Cruciani then “said that [she] understood his frustration, but explained that the rule that he avoid any actions that might create the appearance of violating the law was broad.” The two then “went over the different components of the tour” and “discussed the ethics issues involved in each setting.”

During her OIG interview, Cruciani confirmed that what she wrote in her memorandum was an accurate memorialization of events, including the portion stating that “[w]e left the meeting believing that the Secretary would not include Ben Carson, Jr. on any component of the Listening Tour,” with the possible exception of a “Health Fair” event that would be open to the public. Zorc concurred with this assessment during her OIG interview, saying OGC advised Secretary Carson not to allow Carson Jr. to remain involved with the listening tour and that she left this June 26 meeting with the understanding that Carson Jr. would not attend events on the tour with the possible exception of the health fair.

During his OIG interview, Secretary Carson recalled HUD officials advising him that he should avoid the appearance of any impropriety with regard to members of his family participating in the Baltimore listening tour, but Secretary Carson did not have a clear recollection of what took place during his June 26 meeting with OGC officials. Indeed, in response to a draft version of this report, counsel for Secretary Carson stated that “Secretary Carson lacked any recollection of discussing ethical issues with Linda Cruciani, Deputy General Counsel for Operations.” In his interview with the OIG, Secretary Carson did recall Zorc suggesting during their June 26 meeting that Carson Jr. attending the tour could raise ethics concerns and that he should speak with Carson Jr. about his attendance. But counsel for Secretary Carson said the Secretary “did not recall Zorc or anyone else advising him that Carson Jr. could not attend the Baltimore listening tour or that his mere presence would, by definition, cause an appearance-of-impropriety issue that could not be remediated.”

Secretary Carson also recalled during his OIG interview that Greenwood, his Chief of Staff at the time, told him that the attendance of his family members during the Baltimore listening tour would be looked upon negatively “in Washington.” Greenwood gave a similar version of events during her OIG interview, saying she believed the attendance of Secretary Carson’s family would look “odd” and that she “mentioned” this concern to Secretary Carson just before the tour took place. Specifically, Greenwood said, she told Secretary Carson that the appearance of Carson Jr. and his wife at tour events would “not look right,” as she feared their presence could be perceived as a conflict of interest for the Secretary. Greenwood told the OIG that Secretary Carson heard her when she raised her concerns about how Carson Jr.’s appearance at the Baltimore listening tour would look, but did not respond or discuss the matter with her.

Although Greenwood had concerns about how Carson Jr.’s involvement with the listening tour could be perceived, she told the OIG that she never witnessed anything indicating that Secretary Carson misused his position for the private gain of himself or his family members. Greenwood observed that the Carson family was close-knit, that Secretary Carson’s family members wanted to support him in his position, and that Secretary Carson valued Carson Jr.’s input.

#### *Secretary Carson Speaks with Carson Jr. about His Involvement with the Baltimore Listening Tour*

Secretary Carson told the OIG he spoke with Carson Jr. after the June 26 meeting to discuss the ethics concerns that Cruciani and Zorc had raised. Secretary Carson said Carson Jr. told him during their conversation that he had spoken with OGC personnel and assured them there were no issues with his business interests that should present any concern. Regarding his own

knowledge of Carson Jr.'s business interests, Secretary Carson told the OIG he believed Carson Jr. was involved with numerous businesses, but he could not name them.

Secretary Carson said he left the decision as to whether Carson Jr. should attend tour events to his son, and he did not know what Carson Jr.'s decision would be until he saw him on the first day of the tour. Secretary Carson said he believed Carson Jr. himself was the person who knew his business interests better than anyone, and that Carson Jr. was therefore in the best position to make the determination as to whether his attendance at the Baltimore listening tour would present any conflict-of-interest concerns.

Secretary Carson told the OIG that he has had multiple conversations with Carson Jr. about the need to ensure he was not using Secretary Carson's government position for any personal benefit, and that Carson Jr. was clear on this point. Secretary Carson also said there was openness and transparency about Carson Jr.'s involvement with the Baltimore listening tour, and this negated any concerns about conflicts of interest or appearance issues.

In response to a draft version of this report, counsel for Secretary Carson maintained that Secretary Carson acted on the advice HUD ethics officials gave him "by asking Carson Jr. not to attend the listening tour if he had any business dealings which may create an appearance of impropriety," and that Secretary Carson therefore "did follow the advice he was provided."

#### *Carson Jr. Remains Involved with the Baltimore Listening Tour*

The evidence shows that Carson Jr. attended events on both days of the Baltimore listening tour, and certain tour participants with whom the OIG spoke said they had reservations about Carson Jr.'s presence when they saw him. For example, Zorc said Carson Jr. was present during every event she attended on the first day of the tour, and she decided not to attend the second day of the tour in part because she was uncomfortable about Carson Jr. being there.

Similarly, one Baltimore City official (City Official 1) who helped host an hour-long event on the first day of the tour told the OIG he thought Carson Jr.'s presence at the event was "odd," and he was not sure why Carson Jr. was there. City Official 1 recalled wondering at first whether Carson Jr. might have been there in some official capacity, but said no one introduced Carson Jr. as having any affiliation with HUD, Secretary Carson did not mention Carson Jr., and Carson Jr. did not speak with City Official 1 during the meeting.

To assess whether Carson Jr. benefited personally through his involvement with the Baltimore listening tour, the OIG sought to interview Carson Jr., but he declined our request for an interview. We also requested and received various business records and information from Interprise and another company with which representatives of Interprise are affiliated. These records and publicly available information about Interprise show that it holds ownership interests in or provides management-advisory services to a variety of other companies, including companies offering healthcare or infrastructure-related services. The OIG saw some email evidence of Carson Jr. discussing possible business opportunities for Interprise with at least one of the individuals he helped invite to the Baltimore listening tour, but we did not see evidence in

the records we obtained indicating that Carson Jr. received a direct financial benefit because of his involvement with the tour.

### **Carson Jr.'s Involvement with Adding the Poppleton Neighborhood to HUD's Baltimore Listening Tour**

A particular focus of this investigation stemmed from allegations that Carson Jr. may have attempted to advance his business interests in connection with an event La Cite Development hosted on the second day of the listening tour at its Center\West real-estate development project in the Poppleton neighborhood of Baltimore. Carson Jr. sought to have this particular visit added to the tour after talking to local officials about potential business opportunities for Interprise related to development in the Poppleton neighborhood. Soon after the tour, the Department announced a fair-housing decision that could potentially facilitate development in the Poppleton neighborhood, and awarded the Housing Authority of Baltimore City (HABC) a \$1.3 million grant to promote development in that neighborhood over a year later. The OIG took steps to ascertain whether Carson Jr. had a financial interest in redevelopment of the Poppleton neighborhood or influenced HUD decisions regarding development of that neighborhood and did not find evidence establishing as much.

#### *Carson Jr. Meets with Baltimore Officials Regarding Potential Business Opportunities Involving Redevelopment of the City's Neighborhoods*

According to City Official 1, who held a senior position with the Baltimore City Department of Housing and Community Development at the time, Carson Jr. or one of his Interprise business partners (Interprise Associate) contacted him at some point during the first half of 2017 expressing interest in exploring housing development or redevelopment investment opportunities in Baltimore. City Official 1 could not recall if it was Carson Jr. or Interprise Associate who first contacted him, but said he went on to meet three or four times with Interprise representatives, including one meeting on May 24, 2017, that Carson Jr. attended. During these meetings, City Official 1 said, Interprise representatives "pitched" companies to him that they said were interested in development or redevelopment investment opportunities.

City Official 1 said accepting meetings with people interested in development opportunities related to Baltimore public housing was a routine aspect of his job, which is why he agreed to meet with Interprise representatives. City Official 1 told the OIG that he knew Carson Jr. was Secretary Carson's son when he accepted these meetings, but said he did not accept them because of this fact and no one pressured him to take the meetings. Further, City Official 1 said, during the May 24 meeting that Carson Jr. attended, Carson Jr. never stated or implied that he was speaking on behalf of Secretary Carson or HUD in any way, and it was clear to City Official 1 that Carson Jr. was there solely in his capacity as a representative of Interprise.

City Official 1 said "nothing ever came" from his meetings with Carson Jr. or other Interprise representatives and, so far as he was aware, neither Carson Jr. nor Interprise ever received a contract in Baltimore as a result of their outreach efforts to the City. Still, City Official 1 said, the fact that he had met with Interprise representatives to discuss potential business opportunities in Baltimore made it "kind of awkward" for him to see Carson Jr. in attendance at the listening-

tour event City Official 1 helped host with other Baltimore City representatives several weeks later. Had a business deal resulted from his meetings with Interprise representatives, City Official 1 said, this might have created the appearance of his involvement in some sort of conflict of interest.

The evidence, including HUD and Interprise calendar records, indicates that Carson Jr. and some of his Interprise business associates met Secretary Carson for an hour-long “LUNCH with Ben Jr. and friends” at HUD’s headquarters building the day after they had met with City Official 1 on May 24, 2017. The OIG asked Secretary Carson about this May 25 lunch meeting during his interview, but he recalled little about it other than that it was not a meeting that resulted in anything.

On June 19, 2017, a colleague of City Official 1 emailed Interprise Associate the following:

[City Official 1] asked that I reach out to you to let you know that he and his team enjoyed meeting with you recently, and your interest in Baltimore City is very much appreciated. We are confident that you will find worthwhile investment opportunities throughout the city. The following are some areas that you may want to look into:

The email goes on to list five particular areas of potential interest to Interprise, including “Poppleton,” which the email describes as a neighborhood where “[t]here is currently both small and large scale redevelopment activity underway, e.g. La Cite has commenced the first phase of construction on a 13 acre site, and further investment is encouraged.”

#### *Carson Jr. Arranges a HUD Listening-Tour Visit to Baltimore’s Poppleton Neighborhood*

On June 23, 2017, Carson Jr. received an email from an individual holding a senior position with the Baltimore Development Corporation (City Official 2), a non-profit organization that serves as an economic development agency for the City of Baltimore. In this email, City Official 2 noted that he had learned Secretary Carson would be visiting Baltimore for his listening tour the following week, but that the Park Heights neighborhood of Baltimore had been “completely left out” of the tour. City Official 2 told Carson Jr. in this email that he “may be the only one who can figure out how to get the Secretary and some collection of City stakeholders to do the very necessary tour of Park Heights/Pimlico.”

In an interview with the OIG, City Official 2 said he sent this email because the Baltimore Mayor’s Office had asked for his help getting Secretary Carson to visit the Park Heights neighborhood as part of the listening tour, and he thought Carson Jr. might be able to assist with this. City Official 2 said he knew Carson Jr. from at least one encounter before Secretary Carson began his tenure at HUD and two meetings regarding redevelopment opportunities in Baltimore during the first half of 2017. City Official 2 said he had familiarized Carson Jr. with the City of Baltimore’s redevelopment plans for Park Heights and its goals for this neighborhood during one of their more recent meetings.

Although City Official 2 thought Carson Jr.'s relationship with Secretary Carson might be useful for alerting the Secretary to the City of Baltimore's interest in him visiting the Park Heights neighborhood, City Official 2 said Carson Jr. had never made statements like "my father [is] Ben Carson" during any of City Official 2's interactions with him, nor had Carson Jr.'s conduct raised any "red flags" for City Official 2 regarding possible conflicts of interest. City Official 2 said he also contacted the office of a member of Congress in his effort to help the Mayor's Office with getting Secretary Carson to visit the Park Heights neighborhood.

In response to City Official 2's June 23 email, Carson Jr. wrote the following later that day: "I just sent a message to dad and Lynne. Let me see what I can do. I am also trying to get the tour to visit Poppleton." Upon receiving this response, City Official 2 emailed City Official 1 and a representative of the Baltimore Mayor's Office to tell them that "Ben Jr. is trying to get both Park Heights and Poppleton moved into the tour for next week. He's been actively working on it."

On June 24, 2017, City Official 1 forwarded City Official 2's message about Carson Jr.'s efforts to a colleague (City Official 3), querying: "What would be the HUD ask for Park Heights? I'm not clear on Poppleton either. Is it technical assistance? Do they have some free consultants to send us? Any advice would be appreciated."

City Official 1 told the OIG he worked closely with City Official 2 as part of his job, but did not know particularly why City Official 2 had alerted him to Carson Jr.'s efforts to add Park Heights and Poppleton to the listening tour. City Official 1 explained that, in using the term "HUD ask" when forwarding this message, he was soliciting ideas from City Official 3 about what assistance he should consider requesting for these two neighborhoods when he met with HUD officials on behalf of the City during the upcoming listening tour.

With regard to the Poppleton neighborhood, City Official 3 wrote the following to City Official 1 two days later: "As concerns Poppleton, I do not know enough about what is currently going on there to usefully opine about it but, given the unusual way it went about getting HUD financing support, [I] find the interest in it somewhat disconcerting."

The OIG interviewed City Official 3 to ascertain what he meant when he wrote that interest in the Poppleton neighborhood was "somewhat disconcerting." City Official 3 said he was referencing how HUD had gone about providing financing support for La Cite Development's Poppleton development project several years before. City Official 3 explained that New York-based La Cite Development had sought multi-family insured mortgage approval from HUD's Baltimore Field Office at some point in or around 2009 to support its Poppleton development project, but the Baltimore Field Office would not provide this approval. City Official 3 said La Cite Development was ultimately able to obtain approval from HUD's New York Field Office instead, which he found unusual. City Official 3 clarified that his statement about interest in the Poppleton neighborhood being "somewhat disconcerting" had nothing to do with either Secretary Carson or Carson Jr., as he was referencing decisions made by the Department prior to Secretary Carson's tenure at HUD.

On June 25, 2017, Carson Jr. wrote to two representatives of La Cite Development and Scheduling Official, saying:

It is my pleasure to introduce you to [Scheduling Official], the head of the advance team at HUD. [Scheduling Official] should be able to provide some details about the tour and logistics. As discussed, we are hoping to visit Center\West toward the end of the day on the 29<sup>th</sup>. Thank you for working us in, we are very excited to learn more about the project.

Subsequent emails show that the Department went on to coordinate with La Cite Development to have a tour of Center\West in Baltimore's Poppleton neighborhood added as the last event to take place on the listening tour.

The next month, on July 31, 2017, Carson Jr. received an email from City Official 2 regarding "Poe Homes," which is a public housing development in the Poppleton neighborhood located immediately adjacent to La Cite Development's Center\West building site. The email quotes an excerpt from another communication characterizing HUD's approach to enforcing fair-housing laws as a potential obstacle to redevelopment of properties like Poe Homes:

Here's pieces from the Poe Homes email: "we have a major hurdle with HUD's current approach to enforcement of Fair Housing laws. . . . [W]e are facing this with the Somerset Extension project (East Baltimore – two blocks from Hopkins). Essentially if the census tract of the public housing site has a high poverty rate or minority concentration then we have to show major investment to justify spending federal dollars in that census tract. At Somerset Extension we can show over \$1.5 billion of planned and future investment in the neighborhood not to mention the Old Town Somerset initiative itself. Right now HUD has said this is not good enough. We are working to change their minds but it is not a given. I say this to underscore that we will need a change in mindset at HUD on this issue to tackle places like Poe."

The OIG asked City Official 2 why he sent this email to Carson Jr., but he could not recall. When the OIG asked City Official 2 if Carson Jr. had ever asked him about investment opportunities related to Poe Homes during any of their meetings, City Official 2 said that Carson Jr. had not. At one point during his interview City Official 2 speculated that the content of this email may have come from another email that City Official 1 had forwarded to him. City Official 2 said this email might have had some connection to a July 2017 discussion City Official 2 had with a representative of La Cite Development, who he recalled expressing interest in the redevelopment of Poe Homes through HUD's Rental Assistance Demonstration (RAD) program. But upon checking his calendar and conducting a search of his email account at the OIG's request, City Official 2 told the OIG he had "no recollection of who I spoke to that triggered the Poe Homes email (7/31/17) to Mr. Carson, Jr."

The OIG also asked City Official 1 if he recalled forwarding the content of this July 31 email to City Official 2 or discussing HUD's enforcement of fair-housing laws as an obstacle to the potential redevelopment of Poe Homes with him, but City Official 1 said he did not. City

Official 1 did tell the OIG, however, that HABC's then-pending proposal for conversion of the Somerset Extension project through HUD's RAD program was one of the primary topics at the June 28, 2017 listening-tour event he helped host with Carson Jr. in attendance.

City Official 1 explained that he was acting in an interim leadership role for HABC at the time and that in consultation with officials from the Baltimore Mayor's Office, HABC decided it made sense to raise this RAD issue with Secretary Carson during the listening tour. City Official 1 said HUD had not yet accepted HABC's position that Somerset was in an area of significant revitalization, which was necessary for advancement of its RAD proposal. City Official 1 said that if HUD were to reject HABC's position that the Somerset project was located in an area of significant revitalization, this could have a chilling effect on the City's efforts to redevelop other areas of Baltimore. City Official 1 said he provided Secretary Carson with background on this issue and asked him to look into it during their June 28 listening-tour meeting.

The OIG asked City Official 1 if he had ever discussed the Somerset RAD application with Carson Jr. or asked him to raise this issue with Secretary Carson, and City Official 1 said he had not. The OIG also asked City Official 1 whether Secretary Carson had mentioned anything regarding Carson Jr. or Interprise during the listening-tour meeting, and City Official 1 said Secretary Carson did not. Nonetheless, City Official 1 reiterated that it was "awkward" to see Carson Jr. at the event given his prior meetings with Interprise representatives. City Official 1 said it was his opinion that since Carson Jr. was not working for or representing HUD in some capacity, he should not have been at this event. Although City Official 1 would have preferred that Carson Jr. had not been there at all, he said Carson Jr. did not speak to him during the June 28 event, and he has not had any contact with Carson Jr. since. City Official 1 also said that this June 28 listening-tour event was the only occasion on which he had ever met or spoken with Secretary Carson.

Email evidence obtained from Interprise shows Carson Jr. forwarded City Official 2's July 31 message regarding Poe Homes to a business person who formerly held a senior position at HUD that day asking for his thoughts about it, and the two arranged to talk by phone during the afternoon of the following day.

#### *HUD Announces a Fair-Housing Decision that Could Potentially Facilitate Development in the Poppleton Neighborhood*

Two days later, on August 2, 2017, the Department's Office of Fair Housing and Equal Opportunity (FHEO) wrote to City Official 1 announcing that it had accepted "HABC's determination that it complies with the Site and Neighborhood Standards exception for overriding housing need to build in an area of minority concentration" for conversion of the Somerset Extension project through HUD's RAD program.

FHEO's August 2 letter noted that, "[a]s a general matter, RAD projects involving new construction may not be in areas of minority concentration," explained HABC had not initially provided support showing the Somerset Extension project met the Site and Neighborhood Standards (SNS) exception to this restriction, but concluded additional information submitted by HABC showed it did meet this exception.

*HUD Awards a Grant to Support Development in the Poppleton Neighborhood*

The following year, in June of 2018, HABC submitted a Choice Neighborhoods Planning and Action Grant (CNPAG) application to HUD requesting financial support “to develop a comprehensive, community-driven transformation plan for Poe Homes and the surrounding Poppleton-Hollins Market community.” HABC named La Cite Development as one of 24 public, non-profit, and commercial “community partners” supporting its application, and also referenced this particular partner in the following way:

Given recent market rate development activities in the Poppleton-Hollins Market target neighborhood, particularly on the Center\West mixed-use and mixed-income housing project by developer La Cite, HABC recognized that Poe Homes is now a more viable candidate for wholesale redevelopment. As such, HABC and its partners consider Poe Homes an ideal candidate for a comprehensive neighborhood revitalization strategy that leverages the development activities currently underway.

Three months later, on September 5, 2018, HUD wrote to HABC announcing the following:

We are pleased to inform you that the Housing Authority of Baltimore City has been selected to receive a Fiscal Year (FY) 2018 Choice Neighborhoods Planning and Action Grant in the amount of \$1,300,000 to support the development of a comprehensive neighborhood Transformation Plan and to catalyze change for Poe Homes in the Poppleton-Hollins Market neighborhood.

*Evidence Regarding Whether Carson Jr. Has Business Interests in the Poppleton Neighborhood or Influenced HUD Decisions Related to Development in That Neighborhood*

The OIG did not see evidence indicating that either Carson Jr. or Interprise had a financial interest in any Poppleton-related business in the records we obtained from counsel for these parties. But because of the allegations regarding Poppleton in this case and in light of the evidence discussed above, the OIG requested and received a representation from counsel for Carson Jr. and Interprise specifically addressing whether they have had any Poppleton-related financial interests.

Particularly, the OIG received the following representation from counsel for Carson Jr. and Interprise: “Neither Benjamin Carson, Jr., nor Interprise Partners, LLC, currently has, or has ever had, a financial interest in any entity located in, conducting business in, or receiving a direct financial benefit from business in, the Poppleton neighborhood of Baltimore City, Maryland, including Center\West or Poe Homes.”

The OIG also made inquiries related to the email Carson Jr. received characterizing HUD’s approach to fair-housing laws as an obstacle to redevelopment of “the Somerset Extension project,” and possibly also “places like Poe,” two days before HUD announced a fair-housing decision favorable to redevelopment of the Somerset Extension project.

Documents provided to the OIG by FHEO show its Baltimore Field Office approved RAD conversion of Somerset on February 18, 2016, but noted HABC would need to submit “a RAD project justification under the civil rights provision of the applicable site and neighborhood standards.”

An early August 2016 email exchange between FHEO and HABC indicates that FHEO had not yet received such a justification and a Program Analyst assigned to review the matter in FHEO’s Program Standards and Compliance Division (PSCD) had therefore decided to reject HABC’s RAD proposal at that time.

The evidence shows that another PSCD Program Analyst assumed responsibility for FHEO’s review the following month, in late September 2016. In an interview with the OIG this Program Analyst (Fair Housing Official) explained that HABC attempted to provide his office with additional information to support its RAD proposal in February 2017 and asked FHEO to reconsider whether it had met the SNS exception.

Fair Housing Official said FHEO was still considering rejecting HABC’s proposal as of early March 2017 and had drafted a letter stating reasons for doing so, but decided against this and started making its own efforts to gather information relevant to whether HABC could meet the SNS exception. Fair Housing Official said a lawyer for stakeholders with an interest in the redevelopment of the Somerset project began supplementing the record with information that FHEO was requesting around this time.

Fair Housing Official said that HUD’s Baltimore Field Office conducted a site visit to the Somerset project in April 2017, and FHEO continued to receive information supporting HABC’s proposal over the next several months, including at a meeting between Somerset redevelopment stakeholders and FHEO staff at HUD’s Baltimore Field Office on June 26, 2017.

Fair Housing Official told the OIG that this meeting, the site visit, and the additional information submitted by HABC and the Somerset stakeholders convinced FHEO leadership that HABC had met the SNS exception justifying HUD approval of its Somerset redevelopment project, which HUD stated in the August 2 announcement that Fair Housing Official helped prepare.

Particularly, the announcement explains:

After its initial submission, which did not meet the requirements supporting an exception, HBAC [*sic*] provided additional information between the months of February through July for the proposed RAD conversion of the Somerset Extension project. This additional information included an addendum to the Old Town Somerset Redevelopment Plan (OTSRP) and a list of responses to certain HUD inquiries. FHEO gathered more information through follow up inquiries, as well as a site visit, and a meeting with HABC and other stakeholders. With regards to the Somerset Extension project, FHEO accepts HABC’s determination that it complies with the Site and Neighborhood Standards exception . . . .

Fair Housing Official told the OIG that members of the FHEO staff did brief Secretary Carson on June 20, 2017, regarding PSCD's review of HABC's Somerset RAD proposal and other matters under consideration in the office to help prepare him for his Baltimore listening tour the following week. But, Fair Housing Official said, any interest in this review on the part of the Secretary did not affect his, or to his knowledge any other FHEO official's final determination regarding the Somerset project's compliance with SNS requirements. Instead, Fair Housing Official said, FHEO's final determination was based on its review and analysis of information and data that supported the determination.

Similarly, the OIG did not find evidence showing that either Secretary Carson or Carson Jr. affected HUD's decision to award HABC its \$1.3 million grant to support development efforts in the Poppleton neighborhood. Instead, the evidence shows HUD's decision to make this award was based on the recommendation of a four-member panel of career employees working in the Department's Office of Public Housing Investments (OPHI) Choice Neighborhoods Program.

The OIG interviewed each member of this panel, which included the Specialist who drafted the Notice of Funding Availability (NOFA) setting the criteria for this grant (Program Specialist 1) and Program Director Mindy Turbov. According to these career officials, (1) HUD's decision to award this grant was based on HABC's ability to meet the grant's requirements; (2) no one in a position of authority over the panel provided input or affected its decision to recommend awarding the grant to HABC; (3) no one from the Office of the Secretary, including the Secretary himself, had any involvement in the panel's decision-making; (4) the panel did not receive input from anyone outside the Department other than the applicant regarding whether HUD should award the grant; and (5) the officials were unaware of Carson Jr. or anyone affiliated with Interprise having any involvement in HUD's decision to award the grant.

Program Specialist 1 added that HABC had one of the highest scoring applications that the panel reviewed, which justified awarding the full \$1.3 million in funding to this grantee to support both planning and action activities. Turbov was in agreement with Program Specialist 1's assessment, telling the OIG that HABC was the highest scoring applicant by a "long shot," making it along with just two other applicants eligible to receive grant funding to support some action activities, not just planning activities.

Panel members described steps the Choice Neighborhoods Program takes to ensure the quality and integrity of its grant-award decisions. For example, Program Specialist 1 explained that the panel makes its funding recommendations based on initial evaluations submitted by other career employees in the Program who score all applications based on 100-point scale set by the criteria contained in the NOFA. According to another panel member (Program Specialist 2), the NOFA is very specific regarding how the Department will award points, meaning "[t]here is not a lot of guesswork" involved in the scoring; applicants must provide meaningful and specific responses in order to receive top scores.

One career employee who has performed such reviews and is now responsible for managing the HABC grant for the Department (Grant Manager) told the OIG that reviewers use a checklist to evaluate applications and assess factors such as (1) ability to meet threshold requirements, (2) capacity narrative responses, (3) demonstrated need, (4) soundness of approach, (5) staffing and

budget plans, (6) partnership support, and (7) community and resident involvement, among others. Program Specialist 2 said that the HUD employees who review and provide initial scoring of an application are only allowed to speak about that application with the other reviewers assigned to it. Program Specialist 2 added that reviewers do not even speak about an application with members of the panel who will review it unless the panel has already received all the scores it will consider.

Once the panel receives all the applications it will review, qualifying applications are “calibrated,” Turbov said, to ensure that their scores are justified according to the criteria contained in the NOFA. According to Program Specialist 2, this work involves panel members verifying that the scores and notes submitted by initial reviewers are in line with what is specifically stated in the NOFA. While the panel performs this work, Program Specialist 2 explained, its members do not speak with or receive input about the applications from anyone inside or outside the Department. Turbov similarly told the OIG that OPHI would not meet with outside parties while a grant competition is active unless the purpose was limited to providing general information about the Choice Neighborhoods Program.

According to Turbov, the panel determines which applicants will receive grant funding in a decision memorandum that she signs and forwards for approval through the chain of command up to the Assistant Secretary for Public and Indian Housing. Turbov noted that she had never experienced anyone in the chain of command disregarding or altering the recommendations in such a decision memorandum in all her years with the Choice Neighborhoods Program, and the outcome was no different when the Department decided to provide CNPAG funding to HABC.

Grant Manager told the OIG that in the time he has overseen the HABC grant for the Department he has not seen any “red flags” indicating that the award was unjustified. Grant Manager also said no one in a position of authority over him has asked or suggested that he manage this particular grant differently than any other grant he has overseen. According to Grant Manager, HABC has done an excellent job with the funds it has received and has demonstrated the capacity to do “great things” for the Poppleton neighborhood.

## Analysis

---

As career ethics officials explained to both Secretary Carson and Carson Jr. over the course of several interactions, the facts of this case implicate two sections of the federal ethics regulations. Particularly, the facts implicate both (1) 5 C.F.R. § 2635.702, which prohibits government employees from using their positions to benefit themselves for their “own private gain” or for the private gain of “relatives,” and (2) 5 C.F.R. § 2635.101(b)(14), which mandates that government employees “endeavor to avoid any actions creating the appearance that they are violating the law” or standards set forth in the ethics regulations, including Section 2635.702, as judged “from the perspective of a reasonable person with knowledge of the relevant facts.”

The evidence gathered by the OIG does not establish that Secretary Carson used his government position for the private gain of his relative, Carson Jr.

In the one instance the OIG identified of Secretary Carson specifically endorsing Carson Jr.'s involvement in HUD matters, namely Carson Jr.'s participation in the Baltimore listening tour, the evidence indicates that Secretary Carson's primary motivation was to benefit the Department. Secretary Carson told the OIG that he recommended Patton contact Carson Jr. after she expressed concerns to him about delays she was encountering in identifying and selecting tour participants and, while he said he did not know all of Carson Jr.'s various business interests, he believed Carson Jr. had connections with the Baltimore business community that could be helpful for HUD officials in identifying participants. Secretary Carson also told the OIG that he cautioned Carson Jr. not to invoke the Secretary's government position for any personal benefit, which he believed his son understood not to do. Finally, the OIG did not see evidence of a specific personal benefit that Carson Jr. secured because of his involvement with the Baltimore listening tour or any other interactions with HUD officials.

However, the evidence in this case indicates that a "reasonable person with knowledge of the relevant facts" could conclude that Secretary Carson did not sufficiently "endeavor to avoid any actions creating the appearance" that he was violating the law by enabling Carson Jr. to participate in the listening tour as he did.

The evidence shows that the reason Carson Jr. became involved with the Baltimore listening tour was because Secretary Carson himself recommended to his staff that they should consult with Carson Jr. And even though Secretary Carson said he did not know all of Carson Jr.'s specific business interests at the time, it appears likely that Secretary Carson had at least some awareness when he made this recommendation that there was a potential those interests could be affected by the Department's decisions. For example, Cruciani said Secretary Carson asked OGC to meet with Carson Jr. shortly after Secretary Carson began his tenure, and the evidence indicates that the reason this meeting took place was because Carson Jr. was concerned about ethics issues that could arise due to his activities and their relationship to Secretary Carson's official duties. Secretary Carson also had at least one meeting with some of Carson Jr.'s business associates during the period in which Carson Jr. became involved with the listening tour. Although it is unclear what Carson Jr. or his associates may have told Secretary Carson when they met him, this meeting took place at a time when Carson Jr. and his associates were discussing investment in the redevelopment of Baltimore's neighborhoods with Baltimore City officials, which relates to HUD's business.

The evidence also shows that Secretary Carson allowed Carson Jr. to remain involved with the Baltimore listening tour even after HUD ethics officials raised concerns about his involvement. The reason ethics officials came to speak with Secretary Carson about the listening tour in the first place was because they were alerted to the concerns of those planning the tour regarding how Carson Jr.'s involvement could appear. Secretary Carson's own Chief of Staff at the time told him Carson Jr.'s involvement with the listening tour would "not look right" as it could be perceived as a possible conflict of interest for the Secretary. And OGC officials said they told Secretary Carson that (1) "the rule that he avoid any actions that might create the appearance of violating the law was broad," (2) he should "not . . . include Ben Carson, Jr. in the Listening Tour" to avoid creating the appearance he was violating the ethics regulations, and (3) he should speak with Carson Jr. and tell him not to attend events on the tour.

In response to a draft version of this report, counsel for Secretary Carson told the OIG that the Secretary did not recall HUD officials advising that Carson Jr. could not attend the tour or that his mere presence would by itself create an appearance of impropriety that could not be remediated. Counsel also said that Secretary Carson believed he acted consistent with the advice that HUD officials did give him by telling Carson Jr. that he should not attend tour events if he had any business dealings with tour invitees that could create an appearance of impropriety. We note in this regard that HUD ethics officials did not memorialize and send their advice to Secretary Carson in writing before the listening tour took place, which could have clarified for him both the specific wording of that advice and any understanding they had reached as a result of their meeting. But even though Secretary Carson did not recall HUD ethics officials specifically advising him that Carson Jr. should not attend the listening tour, the evidence shows that Secretary Carson was at least aware of OGC's concern about the appearance of impropriety. And rather than taking action to exclude Carson Jr. from the listening tour upon learning of this concern, Secretary Carson chose to allow Carson Jr. to decide whether he would continue his involvement, as he believed Carson Jr. himself was in the best position to judge whether his business interests would raise ethics concerns.

Simply put, while the evidence does not establish that Secretary Carson misused his position for the "private gain" of Carson Jr., the evidence does suggest that Secretary Carson could have done more to avoid "any actions creating the appearance" that he was using his office for the private gain of relatives.



The Office of Inspector General is an independent and objective oversight agency within the U.S. Department of Housing and Urban Development. We conduct and supervise audits, evaluations, and investigations relating to the Department's programs and operations. Our mission is to promote economy, efficiency, and effectiveness in these programs while preventing and detecting fraud, abuse, and mismanagement.

Report fraud, waste, and mismanagement in HUD programs and operations by

Completing this online form: <https://www.hudoig.gov/report-fraud>

Emailing the OIG hotline: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)

Faxing the OIG hotline: (202) 708-4829

Sending written information to

U.S. Department of Housing and Urban Development

Office of Inspector General Hotline (GFI)

451 7th Street SW, Room 8254

Washington, DC 20410

Whistleblowers are protected by law.

<https://www.hudoig.gov/fraud-prevention/whistleblower-protection>

Website

<https://www.hudoig.gov/>