

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 OFFICE of INSPECTOR GENERAL
QUARTERLY RECAP

A Message from the Inspector General



I am pleased to share the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General's (OIG) Quarterly Recap. In addition to our regular updates, this newsletter provides updates about HUD OIG's recently issued reports, newly announced work, featured highlights from the Inspector General, press releases from recent investigations, and more.

We appreciate your readership as we continue to prioritize positive outcomes for HUD by doing the right work at the right time. If you have questions or want to learn more about our oversight work, contact us at oigmediarelations@hudoig.gov.

Rae Oliver Davis

Rae Oliver Davis | INSPECTOR GENERAL

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OFFICE of
INSPECTOR GENERAL
 UNITED STATES DEPARTMENT OF
 HOUSING AND URBAN DEVELOPMENT



Inspector General **IN THE NEWS**



70 Current and Former NYCHA Employees Charged with Bribery and Extortion Offenses

On February 6, 2024, the Inspector General joined the U.S. Attorney for the Southern District of New York and other law enforcement partners to announce the unsealing of the largest number of federal bribery charges on a single day in the history of the Department of Justice against current and former New York City Housing Authority (NYCHA) superintendents for their involvement in pay-to-play schemes for maintenance contracts.

Inspector General Oliver Davis said in the announcement that “[t]he pay-to-play bribery schemes alleged in the complaints unsealed today waste millions of dollars and risk residents staying in unacceptable living conditions [. . .] It also poses a significant risk to the integrity of the HUD rental assistance programs that support housing assistance in New York City and erodes the trust of NYCHA residents.”

HUD cracks down on old-fashioned corruption, flourishing in NYCHA

On February 23, 2024, Inspector General Oliver Davis discussed with Federal News Network’s *Federal Drive with Tom Temin*, HUD OIG’s investigative and oversight work related to helping HUD mitigate fraud risks in the largest federally funded housing authority in the United States.

- [Read the full interview >](#)
- [Read the press release >](#)





Inspector General comments on inquiry into Ginnie Mae’s handling monitoring of RMF

On February 22, 2024, Inspector General Oliver Davis discussed with Housing Wire’s Chris Clow, HUD OIG’s review into Ginnie Mae’s oversight and monitoring of Reverse Mortgage Funding (RMF), a former issuer of reverse mortgage-backed securities. After 9 years as an approved Ginnie Mae issuer, RMF declared bankruptcy in late 2022, and Ginnie Mae defaulted and extinguished RMF from its program, taking on the servicing of RMF’s large portfolio. The focus of HUD OIG’s review is “to investigate what led to the default and why it occurred,” which includes a holistic look at everything leading up to the event itself, and to assess the sufficiency of the oversight and monitoring of RMF that Ginnie Mae conducted during the issuer’s existence in the program.

“Our [review](#) is ongoing, and our team is working diligently to investigate the many facets of the situation,” Oliver Davis said. “We look forward to continuing our partnership with Ginnie Mae leadership to help strengthen and enhance their program, which provides liquidity for important government-backed homeownership programs.”

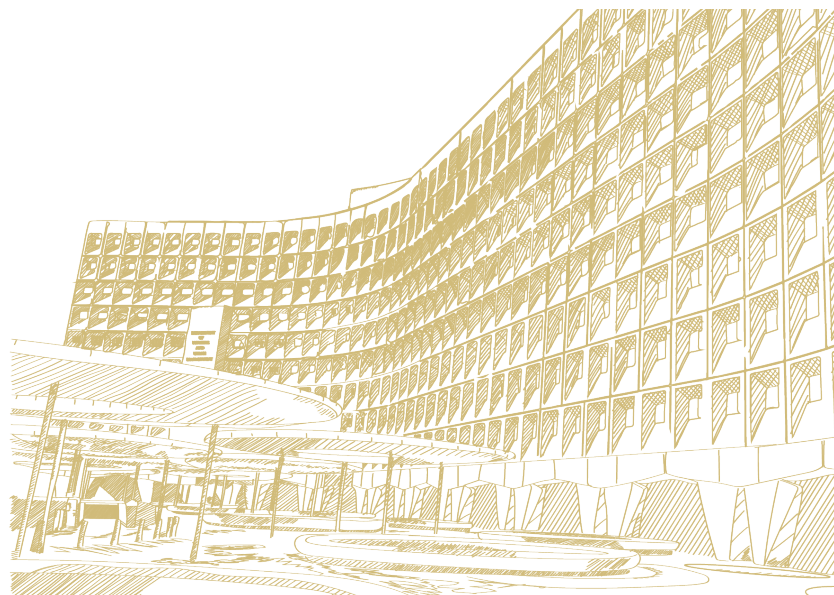
- [Read the full article >](#)



Deputy Inspector General discusses OIG management alert on HUD’s ability to detect improper payments

On February 2, 2024, Deputy Inspector General Stephen Begg discussed with Federal News Network’s *Federal Drive with Tom Temin*, what HUD needs to do to prevent improper payments and protect taxpayer funds from being misspent in two of its largest rental assistance programs.

- [Read the full interview >](#)
- [Read the press release >](#)





HUD OIG Spotlight

[U.S. Department of Housing and Urban Development Office of Inspector General Issues Priority Open Recommendations for Fiscal Year 2024](#)

HUD OIG issued its fiscal year (FY) 2024 priority open recommendations report. The report highlights for the HUD Secretary 35 open recommendations from OIG reports that, if implemented, will help HUD address its most serious management challenges and enhance critical aspects of its operations. The report outlines important actions HUD can take to address recommendations related to promoting health and safety in HUD-assisted housing, managing fraud risk and improper payments, improving information technology modernization and cybersecurity, protecting whistleblowers, and mitigating counterparty risk. The 35 priority open recommendations include 11 new recommendations added for FY24 and 24 recommendations that had been identified as priority in FY23. Each of the 35 priority open recommendations is an opportunity for HUD to take specific action to increase the integrity of its operations and programs.

- [Read the press release >](#)

[Management Alert: Action is Needed from HUD Leadership to Resolve Systemic Challenges with Improper Payments](#)

HUD OIG issued a management alert urging HUD leadership to address the Department's longstanding challenges with identifying and preventing improper payments. HUD OIG learned that for the seventh consecutive year, in FY 2023, the Department was unable to estimate improper payments for its two largest rental assistance programs, the Office of Public and Indian Housing's Tenant Based Rental Assistance (PIH-TBRA) program and the Office of Multifamily Housing's Project-Based Rental Assistance (PBRA) program. The last time HUD produced a sufficient estimate of improper payments in these programs was 2016 and at that time HUD estimated \$1.7 billion in improper payments. Since then, these rental assistance programs' payments have increased substantially from \$30.7 billion in FY16 to \$45.3 billion in FY23, which is 67.5 percent of HUD's total expenditures for that fiscal year. Without ensuring that it makes sound estimates, HUD is unable to develop appropriate corrective actions and target resources to fix the root cause of improper payments, resulting in higher risk for potential fraud, waste, and abuse. HUD OIG recommended that the Deputy Secretary develop and execute a detailed plan and timeline for, both, testing and reporting estimates of improper payments in the PIH-TBRA and PBRA programs in compliance with Federal law and OMB guidance.





HUD OIG's Recently Issued Oversight Work

[After More Than 6 Years, the City of New Orleans' National Disaster Resilience Project Activities had Made Little Impact on Resilience](#)

HUD OIG conducted an audit of the City of New Orleans' (the City) use of HUD's National Disaster Resilience grant funding to determine whether the City's grant activities were effective in its recovery from past disaster events; and the City improved its ability to withstand future extreme events. This audit determined that since HUD awarded the City with \$141.2 million in January 2017 for resilience activities, the City had made little progress towards achieving its goals established for completing its infrastructure and stormwater management projects. Of the 11 projects HUD OIG reviewed, only 1 project had made progress; 2 projects were slated for cancellation; and the remaining 8 projects were still in the design or planning phase. As of September 1, 2023, after more than 6 years since the City was awarded funding, it had spent about \$21 million of the 2017 grant award, or roughly 15 percent, earning it a "slow spender" designation by HUD in each reporting period from May 2017 to October 2023. Further, HUD OIG's review of the City's Retrofit Program found that the City's activities in this program did not consistently reduce flood risk and, in many cases, left some homeowners with more flooding and physical and financial burdens. Due to the disproportionate amount of funds the City spent on planning and administration, the City may be at risk of running out of funds for planning and program oversight and may need to allocate non-Federal funds to continue, which may be limited. HUD OIG made several recommendations, including that HUD require the City to reassess the 8 infrastructure projects still in the design or planning phase to determine whether the City can complete the projects or how the remaining funds could be best used within the remaining 6 years for the grant period.

- [Read the press release >](#)

[HUD Lacked Adequate Oversight of Multifamily Housing Properties with Failing REAC Scores or Life-Threatening Deficiencies](#)

HUD OIG conducted an audit of HUD's oversight of multifamily housing properties with failing Real Estate Assessment Center (REAC) scores or life-threatening exigent health and safety deficiencies to determine whether its oversight of the properties was effective in ensuring that properties were maintained in decent, safe, and sanitary condition. This audit determined that the effectiveness of HUD's oversight of physical conditions in multifamily housing properties could be improved. Specifically, HUD OIG found that for 45 percent of the sampled properties reviewed, HUD did not meet its own requirement to issue notice to

owners that they failed to remedy inspection findings within 15 days. In addition, HUD lacked sufficient procedures and controls to ensure that notices of violation and default were issued timely and consistently. These delays collectively increased the risk that residents were subjected to inadequate living conditions. Further, HUD staff did not collect adequate documentation from property owners to ensure that the owners remedied health and safety threats timely. This resulted in HUD repeatedly failing to report to Congress accurate and timely information about the physical condition of assisted multifamily housing properties that received a failing REAC inspection score. HUD OIG made several recommendations to assist HUD in developing adequate procedures, controls, and processes to provide effective oversight of multifamily housing properties.

- [Read the press release >](#)

The Kentucky Commission on Human Rights has Opportunities to Improve its Fair Housing Complaint Intake Process

HUD OIG conducted an audit of the Kentucky Commission on Human Rights' (Commission) fair housing complaint intake process to determine the extent to which the Commission processed fair housing inquiries within 30 days and evaluate its reasons for closing fair housing inquiries. HUD OIG was unable to determine the extent to which the Commission processed fair housing inquiries within 30 days due to a lack of supporting documentation. Further, the Commission could not provide evidence that would have allowed HUD OIG to determine whether fair housing inquiries were properly closed. In addition, the Commission did not have clarity about which inquiries should be recorded in HUD's Enforcement Management System (HEMS) or the type of documents that should be recorded in the system to support closure decisions. As a result, the Commission could not consistently provide assurance to its customers that it properly processed and closed inquiries from complainants in a timely manner. If complainants' alleged discrimination is not addressed properly and in a timely manner, the Commission may not help to stop ongoing discrimination, hold those responsible for their actions, and deter future discrimination.

HUD OIG made five recommendations, which include requiring the Commission to update policies and procedures and develop an internal agency intake training guide for all staff.

Recruitment of Individuals who Identify as Hispanic or Latino for Employment with the U.S. Department of Housing and Urban Development

HUD OIG conducted an evaluation of HUD's Office of the Chief Human Capital Officer (OCHCO) and Office of Departmental Equal Employment Opportunity (ODEEO) to assess the effectiveness of its recruitment of employees who identify as Hispanic or Latino. This evaluation determined that OCHCO and ODEEO faced challenges with determining the impact of recruitment efforts related to individuals who identify as Hispanic or Latino because HUD does not have a department-wide standard for how to measure recruitment success. Further, OCHCO began tracking recruitment events it attended or planned to attend in February 2022 but did not track all recruitment efforts from other HUD program offices or their respective field offices. Collecting and maintaining complete information about all recruitment efforts, as well as being able to measure the impact of those efforts, are crucial to measuring the success of the recruitment process. OCHCO also faced limitations related to its race and national origin data in that the data did not include a category for employees who chose not to identify their national origin. HUD OIG made three recommendations to improve OCHCO's ability to determine the impact

of recruitment efforts and to collect information about recruitment efforts across all HUD





program offices and their respective field offices.

Fair Housing Initiatives Program Organizations Promoted Equity in the Education and Outreach Initiative

HUD OIG conducted an audit of HUD's Office of Fair Housing and Equal Opportunity, Fair Housing Initiatives Program (FHIP), Education and Outreach Initiative (EOI) to help HUD determine whether the education and outreach provided was going to the people who have been systematically denied full housing opportunity by assessing how FHIP organizations promoted equity within the EOI to reach underserved populations. This audit determined that the FHIP organizations that were sampled promoted equity through HUD's EOI, providing fair housing outreach and education to underserved populations and accomplishing the program's goal to increase awareness of fair housing rights and responsibilities. Specifically, FHIP organizations used their resources to determine the need in their area and develop a statement of work with a narrative to identify quantifiable project goals that related to those needs. Each of the FHIP organizations was then able to meet or exceed the goals set forth in its respective statement of work. Further, these FHIP organizations prioritized the use of client feedback to adjust and improve services. In meeting those goals, these FHIP organizations were able to educate the public and housing providers about their rights and responsibilities under Federal law or State and local fair housing laws that are substantially equivalent to provisions of the Fair Housing Act. This report did not contain any recommendations.

Financial Information Collected from CDBG Grantees Needs Improvement

HUD OIG conducted an audit of HUD's Office of Community Planning and Development's (CPD) process for collecting financial information from grantees participating in the Community Development Block Grant (CDBG) Entitlement program to determine, among other things, whether the financial information collected from grantees was sufficient to monitor grantee financial reporting and performance as required by Federal regulations. This audit determined that the financial information collected from CDBG Entitlement grantees was not sufficient to monitor grantees' compliance with cash management requirements contained in Federal regulations. The review found that CPD's Cash on Hand Quarterly Reports (PR 29 reports) that were not submitted at all or were submitted after the required deadline for certain quarters and resubmissions that were not tracked by HUD. Without reliable and timely financial data, CPD cannot adequately monitor grantees' excess cash or properly assess their compliance with cash management requirements, thereby increasing the risk of fraud, waste, and abuse of the funds. Further, since the reports were not submitted in a timely manner and were not reliable, the information collected could not be leveraged by the Office of the Chief Financial Officer (OCFO) to properly report grantee financial information in compliance with the Statements of Federal Financial Accounting Standards. HUD OIG made several recommendations, including that CPD improve its guidance, training, and monitoring of the PR 29 reports to ensure that the information collected is reliable, accurate, and timely.

U.S. Department of Housing and Urban Development Employee Retention

HUD OIG conducted an evaluation of HUD's employee retention strategy for FY 2019-2022 to determine how well its retention strategies aligned with best practices. This evaluation determined that HUD's department-wide retention strategy from FY 2019-2022 mostly aligned with best practices and that the Office of Human Capital Officer (OCHCO) had a proactive approach to retention. OCHCO had also taken the initiative to conduct an exit survey of all departing HUD employees; however, the evaluation found that HUD could better leverage the data it was collecting to address causes of attrition identified in the survey. HUD's overall voluntary attrition rate was below the average rate of comparable agencies but increased during the period FY 2019-2022. If this trend continues, HUD's rate may exceed the comparable agencies' rate in future years. HUD OIG made five recommendations to assist HUD in improving the quality and usefulness of its retention-related data and determine the causes behind higher than benchmarked attrition in its subgroups and address those causes.



HUD OIG's Recently Announced Work

[U.S Department of Housing and Urban Development's Office of Departmental Equal Employment Opportunity Complaint Processing](#)

HUD OIG is conducting an evaluation of the timeliness of the Office of Departmental Equal Employment Opportunity's (ODEEO) complaint-handling process to determine factors affecting the timeliness of ODEEO's complaint resolution and how ODEEO can address any deficiencies that are identified.

[HUD's Utilization and Oversight of Its Remote Work and Telework Programs](#)

HUD OIG is conducting an evaluation of HUD's utilization and oversight of its remote work and telework programs, including HUD employees' utilization of those programs; HUD's administration of locality payments to its remote workers and teleworkers; and HUD's support and training of

supervisors overseeing employee participation in telework and remote work programs.

[HUD's Efforts to Advance Homeownership Through Housing Counseling](#)

HUD OIG is conducting an audit of HUD's Office of Housing Counseling to assess HUD's processes for achieving its goal through pre-and post-purchase homeownership counseling, including the assessment of its use of performance metrics and the collection and use of counseling outcome data.

[CDBG-DR Non-Federal Matching Funds](#)

HUD OIG is conducting an audit of the use of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds as nonfederal match for the Federal Emergency Management Agency's Public Assistance Program to determine whether grantees made improper nonfederal match activity payments, and whether the Office of Community Planning and Development's Office of Disaster Recovery had sufficient and adequate controls to prevent improper match activity payments.



FY2024 Determining HUD’s Compliance with the Geospatial Data Act of 2018

HUD OIG is conducting an audit to assess HUD’s efforts to meet its responsibilities under the Geospatial Data Act of 2018 regarding its collection, production, acquisition, maintenance, distribution, use, and preservation of geospatial data.

HUD Personal Identifiable Information Risk Management in a Zero Trust Environment

HUD OIG is conducting an evaluation to assess HUD’s capability to meet privacy and data protection requirements and provide appropriate stakeholders with an understanding about potential risks to HUD’s data and the operational mission.

FY24 Annual HUD Financial Statement Audit

HUD OIG has contracted with an independent public accounting (IPA) firm to conduct HUD’s annual financial statement audit and express an opinion on whether HUD’s FY24 financial statements are fairly presented and adequately disclosed, in all material respects, in accordance with U.S. generally accepted accounting principles; report any significant deficiencies and material weaknesses in internal controls over financial reporting that come to its attention during the audit; and report on the results of its tests of HUD’s compliance with selected provisions of laws, regulations, and contracts.

FY24 Annual FHA Financial Statement Audit

HUD OIG has contracted with an IPA firm to conduct FHA’s annual financial statement audit and express an opinion on whether FHA’s FY24 financial statements are fairly presented and adequately disclosed, in all material respects, in accordance with U.S. generally accepted accounting principles; report any significant deficiencies and material weaknesses in internal controls over financial reporting that come to its attention during the audit; and report on the results of its tests of FHA’s compliance with selected provisions of laws, regulations, and contracts.

FY24 Annual GNMA Financial Statement Audit

HUD OIG has contracted with an IPA firm to conduct Ginnie Mae’s annual financial statement audit and express an opinion on whether Ginnie Mae’s FY24 financial statements are fairly presented and adequately disclosed, in all material respects, in accordance with U.S. generally accepted accounting principles; report any significant deficiencies and material weaknesses in internal controls over financial reporting that come to its attention during the audit; and report on the results of its tests of GNMA’s compliance with selected provisions of laws, regulations, and contracts.



HUD OIG's Office of Investigation Highlights

Fraud in HUD Rental Assistance Programs

On January 10, Cabral Simpson, a real estate investor, was sentenced to 20 months in time served, 24 months of supervised release and ordered to pay restitution to HUD in the amount of \$1.29 million for his role in one count of conspiracy to commit wire fraud. From October 2012 to March 2016, Simpson and his conspirators engaged in mortgage fraud by creating fake bank statements and fake employee verification records for buyers of properties and transferring money into the buyers' bank accounts for payment of the deposit for a property. They also induced lenders to issue more than \$1 million in loans, resulting in defaults and exposing the lenders and HUD to more than \$1 million in losses.

- [Read the press release >](#)

On February 29, Andrzej Lajewski, owner of Highland Consulting Corporation in Chicago, Illinois, was sentenced to 30 months incarceration and 3 years of supervised release for his role in committing financial institution fraud. Lajewski arranged for the use of straw buyers to purchase properties owned by him and his associates, which caused materially false representations to be made to various financial institutions. This included making misrepresentations on loan applications, bank statements, gift letters, pay stubs, and HUD-1 Settlement Statements. In addition, Lajewski was associated with 8 fraudulent FHA-insured mortgages for which he was ordered to pay restitution to HUD and the FHA in the amount of \$1,358,310. The total restitution, which includes other conventional mortgage fraud, was \$1,602,050.

On January 4, Karen Johnson was sentenced to prison for one year and one day followed by three years of supervised release and ordered to pay restitution in the amount of \$179,982 to the St. Croix Chippewa for her role in committing wire fraud. From about 2016 to about July 2019, Johnson was employed as a housing specialist with the St. Croix Chippewa Housing Authority (Housing Authority), an agency of the St. Croix Chippewa Indians of Wisconsin. Johnson's responsibilities included processing invoices made billable to the Housing Authority and issuing payments for bills related to expenditures of the Housing Authority. From approximately November 1, 2018, to about June 11, 2019, Johnson devised a scheme to defraud the Housing Authority by creating false invoices billed to the Housing Authority for maintenance and repair work allegedly done by a contractor. As part of the scheme, Johnson, in her capacity as a housing specialist, filled out forms titled "St. Croix Housing Authority Payment Voucher" to correspond with each invoice she created to bill the Housing Authority for work purportedly completed.

- [Read the press release >](#)



On January 23, Duane Emery was sentenced to one year and one day incarceration followed by three years of supervised release for his role in committing wire fraud. Between 2015 and 2019, Emery stole over \$150,000 from the St. Croix Chippewa Housing Authority, an agency of the St. Croix Chippewa Indians of Wisconsin. Emery, who served as the director for the Housing Authority from 2011 until his termination in 2019, used his position to obtain checks drawn on Housing Authority funds under the pretense that the checks were needed to make payments on a credit card maintained by the Housing Authority. He would then apply the checks to his personal credit card, make payments on a timeshare property in Florida, and pay for service on his personal vehicles.

- [Read the press release >](#)

On March 5, Matthew Dickason, former closing attorney and former owner of Dickason Law Group, was sentenced to 27 months incarceration, 3 years of supervised release and ordered to pay over \$3 million in restitution for his role in committing wire fraud. While employed as an attorney, Dickason knowingly devised and conducted a scheme to defraud and obtain money from clients under false pretenses. Specifically, Dickason misappropriated millions of dollars belonging to clients who trusted him to handle their real estate transactions. To conceal his scheme, Dickason took one client's money and used it to pay his own or another client's expenses. Dickason hid his fraudulent activity by causing false and misleading information to be entered into his law firm's accounting system to make it appear that the firm had paid a client's mortgage when, in fact, he used the money for fraudulent purposes.

- [Read the press release >](#)

On January 19, Rodney Cook, a former Housing Choice Voucher Program (HCVP) landlord, was sentenced in the U.S. District Court for the Southern District of Ohio for his role in making false statements to HUD and false statements to the Small Business Administration (SBA). On or about May 10, 2019, Cook used a straw buyer to purchase a HUD-owned real estate property claiming the straw buyer would be the owner occupant. The straw buyer did not occupy the property and Cook used the property for rental income. Cook also made a representation that the straw buyer had provided the purchase funds of \$58,773, when in fact, the funds were provided by Cook through his company, Praxis Consulting Group. Subsequently, in July 2020, Cook filed a loan application with the SBA and was awarded a Payroll Protection Program (PPP) loan in the amount of \$205,630 for another business that did not qualify to receive the funds. Cook spent these funds at restaurants, retail stores, covered expenses for his rental properties, and sent various cash transfers to other individuals.

On February 21, Tavon Thomas was sentenced to 3 years of probation and ordered to pay restitution in the amount of \$29,749 and a special assessment of \$300 for his role in uttering a forged obligation of HUD, making a false statement for the purpose of obtaining a loan guarantee from the SBA, and wire fraud. The investigation revealed that Thomas forged a satisfaction claim to release an FHA lien against his property and subsequently filed the release with the Recorder of Deeds for New Castle County, Delaware. HUD placed the lien after Thomas availed himself of the "loss mitigation" procedures, which resulted in the payment of a partial claim against the FHA insurance in effect for Thomas's mortgage. Thomas submitted the fraudulent lien release to the SBA with multiple false statements and documents to secure an SBA-guaranteed loan for his "start-up" day care business.



Public Corruption-Housing Authorities

On February 29, Douglas Donley, a former contractor for the Housing Authority of South Bend (HASB) was sentenced to 27 months incarceration, 2 years of supervised release, and ordered to pay restitution in the amount of \$303,920 to the HASB for his role in conspiracy to commit bank fraud and bank fraud. From October 2017 to March 2019, Donley was involved in a kickback scheme involving multiple contractors and two senior employees at HASB. Donley owned a contracting business that completed minimal or no work for HASB for which he created false invoices and submitted them to HASB for payment. Donley then negotiated the checks and paid kickbacks to the senior employees at HASB for their role in the scheme.

- [Read the press release >](#)

On February 7, JoAnn Davis, former executive director for the Chatham County Housing Authority (CCHA), was sentenced to 30 months incarceration, followed by 2 years of supervised release, and ordered to pay restitution to HUD in the amount of \$194,136 for her role in conspiracy to commit wire fraud. From approximately January 2016 through approximately April 2020, CCHA paid over \$200,000 to friends and relatives of Davis for alleged CCHA contract work. Davis hired a HUD employee as a contractor to assist with the HCVP recertification documentation. To conceal the HUD employee's conflict of interest, Davis created a fraudulent contract in the employee's son's name and issued the employee's payments as checks to her son. The scheme involved fraudulent bids and fraudulent contracts, payments for work not conducted, use of identities of individuals without their knowledge, and cash kickbacks paid to Davis with CCHA funding through HUD's HCVP.

- [Read the press release >](#)

Pandemic Fraud

On January 18, Mohamed Diakite was sentenced to 3 years of probation and ordered to pay restitution in the amount of \$24,797 to several victims for his role in conspiracy. Between June 2020 and August 2021, Diakite and six other co-conspirators used the names and personally identifiable information (PII) of approximately 181 victims, some of whom were HCVP tenants, to file Pandemic Unemployment Assistance (PUA) applications, obtain Economic Injury Disaster Loan (EIDL) advances and Paycheck Protection Program (PPP) funds, or deposit stolen U.S. Treasury checks into their bank accounts, all totaling approximately \$2,378,673. The subjects convinced the victims to provide their PII to receive the pandemic relief funds, and the victims agreed to kick back a portion of the funds to the subjects.

On February 20, Lamine Komara was sentenced to 1 day of time served, 3 years of supervised release and ordered to pay restitution in the amount of \$20,000 for his role in conspiracy to commit wire fraud. Between June 2020 and August 2021, Komara and six other co-conspirators used the names and PII of approximately 181 victims, some of whom were HCV tenants, to file PUA applications, obtain EIDL advances and PPP funds, or deposit stolen U.S. Treasury checks into their bank accounts, all totaling approximately \$2,378,673. The subjects convinced the victims to provide their PII to receive the pandemic relief funds, and the victims agreed to kick back a portion of the funds to the subjects.



Civil Fraud Settlements

On February 1, Siemens Industry agreed to pay \$ over 1 million to resolve allegations under the False Claims Act related to a contract it entered into in 2011 with the Hamtramck Housing Commission, a HUD-funded public housing authority in Hamtramck, Michigan. Under the contract, Siemens would install energy efficiency improvement measures at two Hamtramck public housing facilities. During the development of that energy performance contract, Siemens calculated the amount of energy savings the improvement would deliver. The Hamtramck Housing Commission submitted records to HUD using data from Siemens’s analysis. The settlement resolves allegations that Siemens relied on inaccurate data in its analysis, which led to HUD paying a larger annual subsidy to the Hamtramck Housing Commission than it otherwise would have.

- [Read the press release >](#)

Elder Abuse

On December 15, Nicole Freeman Smith, former property manager, was sentenced to 20 months suspended sentence, 24 months supervised probation, and was ordered to pay restitution in the amount of \$70,000 for her role in committing one felony count and one misdemeanor count of financial exploitation of a vulnerable adult and elderly person. As a special condition under the sentencing judgement, Smith was prohibited from accepting power of attorney, guardianship, conservatorship, or any other fiduciary role for an individual other than her spouse or immediate family member. Smith was also prohibited from accepting any employment or volunteer position with elderly or vulnerable adults, including at eldercare facilities or eldercare provider organizations. The investigation revealed that while serving in a position of trust, Smith financially exploited two vulnerable adults or elderly persons suffering from cognitive impairment residing in HUD multifamily housing for seniors in the District of Columbia. Smith used the stolen funds for payment of credit cards, utility bills, taxes, multiple auto loans, and other personal expenses.

Multi-Family Property Fraud

On January 8, Aron and Jacob Deutsch, B H Property Management, LLC (“BHPM”), were sentenced for their role in conspiracy to commit mail or wire fraud affecting a financial institution. Jacob Deutsch was sentenced to 62 months incarceration, 4 years of supervised release, and ordered to pay a \$10,000 fine. Aron Deutsch was sentenced to 5 years of probation and ordered to pay a \$1 million fine. The Deutschs worked at BHPM, a property management company that manages several multifamily housing properties in Hartford, Connecticut, that housed Section 8 Tenant Based Voucher residents. Jacob Deutsch ran the day-to-day operations, while Aron Deutsch coordinated maintenance and construction activities for the multifamily housing properties managed by BHPM. As part of their scheme, the Deutschs provided to the victim financial institutions and their appraisers false rent rolls and falsified leases that either overstated the number of renters by listing fictitious renters or others not actually living there, or falsely inflated the amount of rent paid by occupants. The Deutschs deceived inspectors into believing unoccupied apartments were occupied by staging the apartments with furniture and requiring BHPM employees to deceive inspectors about occupancy. In addition, the Deutschs provided financial institutions with false and inflated income statements and financials for the properties and submitted other documents to induce the financial institutions to issue loans they otherwise would not have issued on the requested terms, or for amounts larger than they would have authorized had they been provided with truthful information.

- [Read the press release >](#)



On February 2, Timothy Gross, former maintenance employee for Beckley Town Homes, a HUD-subsidized multifamily property, was sentenced to 5 years of probation and ordered to pay \$65,275 in restitution for his role in committing wire fraud and access device fraud. From January to April 2020, Gross stole \$65,276 from Beckley Town Homes, and falsely charged for repairs on a company-issued credit card when, in fact, the repairs were never completed. The charges were paid to a bank account controlled by Gross, which he then converted to his personal bank account.

- [Read the press release >](#)

Contact Us

Learn more about HUD OIG and subscribe to our [mailing list](#) to receive updates about our upcoming, ongoing, and recently published oversight work.

Report fraud schemes involving public housing or other HUD-funded programs or benefits, by contacting the HUD OIG Hotline at 1-800-347-3735 or visit, <https://www.hudoig.gov/hotline>.

