

**OFFICE OF THE INSPECTOR GENERAL  
CHICAGO HOUSING AUTHORITY**

**REPORT OF THE OFFICE OF THE INSPECTOR GENERAL**

BI-ANNUAL REPORT

**JANUARY 01, 2019 THROUGH JUNE 30, 2019**

ELISSA RHEE-LEE

INSPECTOR GENERAL

JULY 15, 2019



July 15, 2019

To Chairman Hooker, Co-Chair Chico and Distinguished Members of the Finance/Audit Committee:

Enclosed for your review is the Bi-Annual 2019 OIG Report on the activities and initiatives from January 1, 2019 through June 30, 2019 pursuant to The Office of the Inspector General Charter. This report contains statistical data, summaries of investigations, audits, advisories and reviews.

The OIG received 294 complaints the past six months. The OIG provided 155 investigative support matters to internal and external stakeholders; referred 47 complaints to other CHA departments; declined 87 complaints; initiated 4 investigations; and closed 9 investigations. Additionally, the OIG concluded 1 performance audits and 1 program review. There were 3 criminal indictments, 1 conviction, and 2 sustained administrative investigations during the first half of 2019.

The OIG and Internal Audit has had and will continue to have coordination meetings to discuss our respective audits that are on-going as well as discuss future audit topics based upon our observations, findings and red flags. The OIG audits are centrally focused on program reviews to identify environment for fraud, waste and abuse. This long standing cooperative relationship ensures that there is no duplication of effort and we can both benefit from each other's work product.

On April 19, 2019, Business and Professional People for the Public Interest (BPI) published an open letter to then Mayor-Elect Lori Lightfoot titled *WHEN CHICAGO'S READY FOR REFORM, HERE'S WHAT IT COULD DO*. The open letter was a by-product of extensive discussions with many of the Inspector Generals (IGs) in Chicago, including myself. The initial discussion related to what is the preferred model for IGs within the definition "sister agencies" in Chicago. The question was, is it better to have a consolidated Inspector General's Office or keep it separate as it is currently but make some significant improvements to enhance and support a more efficient and independent Inspector General Offices that will provide transparency and accountability of respective agencies operations and programs. BPI concluded and concurred by many participating IGs that rather than having a consolidated model of having one inspector General for the City of Chicago and certain sister agencies, it would be more effective to strengthen the existing model with specific and substantive recommendations that enhances the oversight powers of the respective Inspector General's offices in Chicago.

BPI and the inspector generals that participated in this discussion all had one goal in mind, how do we better serve the taxpayers in rooting out fraud, waste, and abuse. This required a critical self-evaluation of each of our respective OIG structure individually and evaluation of the overall inspector general structure. BPI noted that there were, to a varying degree, significant differences and "flaws" within each of the IG offices.

BPI proposed that IG offices should:

- 1) Be independent and provided with budget and managerial control over the staffing and operations of the office. IG's term of office should promote continuity in investigations and IGs should be insulated from retribution for undertaking sensitive investigations;
- 2) Have the power to investigate all complaints, issue and enforce subpoenas, audit, review financial disclosure statements and conduct background reviews; and
- 3) Collaborate among each other, share information and develop common best practices to increase effectiveness and promote efficiency<sup>1</sup>.

BPI's *BLUEPRINT FOR A STATE -OF-THE ART LOCAL INTEGRITY SYSTEM* lays out not only the specific recommendations but also the process to implement the recommendations. I applaud BPI for shining the light on the important and critical mission of the inspector general offices. The BPI letter to Mayor Lightfoot is attached to this Bi-Annual Report.

The OIG will be reviewed by three independent auditors and investigators from different Inspector General Offices in August, 2019. The external peer review will evaluate the OIG's compliance with the standards of the Association of Inspector Generals as well the Yellow Book auditing standards for performance reviews. The last peer review was in May 2016. The OIG was found to be compliant with all applicable standards. The opinions, recommendations and findings of the peer review will be posted on the CHA website.

I thank Chairman Hooker, Co- Chair Chico, members of the Finance/Audit Committee, and CEO Eugene Jones Jr. for your interest and support for the OIG's mission.

Respectfully submitted,



Elissa Rhee-Lee  
Inspector General

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<sup>1</sup> Business and Professional People for the Public Interest. (2019, April). An Open Letter to the New Mayor of Chicago: When Chicago's Ready for Reform, Here's What It Could Do [open letter].

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This Bi-Annual report provides an overview of operations of the Office of the Inspector General (OIG) during the period of 01/01/2019 through 06/30/2019. This report includes statistical and narrative summaries of OIG activities for the past six months.

#### **A. MISSION OF THE INSPECTOR GENERAL'S OFFICE**

The OIG is an independent oversight law enforcement agency whose mission is to promote economy, efficiency and integrity in the administration of programs and operation of the Chicago Housing Authority (CHA).

The OIG achieves this mission through:

- Criminal Investigations
- Administrative Investigations
- Program Reviews
- Performance Audits
- Analytics
- Advisories
- Fraud Awareness Training

From these activities, the OIG pursues criminal prosecutions when appropriate. Additionally, the OIG issues administrative investigation reports which includes disciplinary and policy recommendations to ensure that CHA officers, the Board of Commissioners, employees and vendors are held accountable for running an efficient, cost-effective operation. Furthermore, the OIG seeks to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud and abuse of public authority in CHA's use of funds.

#### **B. INVESTIGATIONS AND PROGRAM REVIEW STANDARDS**

The OIG conducts its investigations in accordance with the *Association of Inspectors General Principles and Standards for Office of Inspectors General*, generally accepted principles, quality standards and best practices applicable to federal, state, and local offices of Inspectors General. These include both general standards and qualitative standards as outlined in the above publication. Additionally, the OIG, always exercises due professional care and independent impartial judgement in conducting investigations and the issuance of reports and recommendations.

The OIG conducts audits of programs in accordance with *Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (Yellow Book) and Principles and Standards for the Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, organizing, staff qualifications, direction and control, coordination, reporting, confidentiality and quality assurance.

The OIG operations undergo an independent peer review conducted by members of the National Association of Inspector General every three years to ensure compliance with the governing standards.

### C. INVESTIGATIONS

The OIG conducts both criminal and administrative investigations into the performance of officers, employees, contractors, functions, and/or programs, either in response to complaints, audits or upon the OIG's initiative.

The OIG received 294 complaints/matters during the past six months of 2019. Out of the 294 complaints, the OIG provided investigative support to both internal and external stakeholders for 155 matters. The OIG initiated 4 investigations, referred 47 complaints to other agencies or departments and declined 87 cases. Matters can be declined for a variety of reasons such as insufficient information provided, insufficient resources to address, no actionable information contained in the allegation, or not within the OIG's jurisdiction. The OIG closed 9 investigations during the past 6 months.

**Table # 1 Complaint by Method**

Complaint by Method

Source	Number
Emails	36
Website Submissions	214
Hotline	39
In Person	2
Dropbox	1
Mail	0
Fax	2
Analytics	0
<b>Total</b>	<b>294</b>

**Table # 2 Complaint Disposition**

Complaint Disposition

Disposition	Number
Investigations	4
Preliminary Inquiry	1
Investigative Support	155
Referrals	47
Declined	87
<b>Total</b>	<b>294</b>

**Table # 3 Subject of Investigation**

Subject of Investigation

Subject	Number
Program Participants	0
Contractors, Subcontractors, Vendor	2
Employees	1
Other	1
<b>Total</b>	<b>4</b>

**Table # 4 Investigative Classification**

Investigative Classification

Classification	Number
Administrative	2
Criminal	2
<b>Total</b>	<b>4</b>

**Table # 5 Closed Investigations**

Closed Investigations During the Quarter

Classification	Number
Administrative	7
Criminal	2
<b>Total</b>	<b>9</b>

**Table # 6 Indictments/Convictions**

Indictments/Convictions

Action Category	Number
Indictments	3
Convictions	1
Restitutions	1
Debarment	0
<b>Total</b>	<b>5<sup>2</sup></b>

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<sup>2</sup> An OIG investigation resulted in 2 indictments.

**Table # 7 Pending Investigations / Preliminary Inquiries**

Pending Investigations / Preliminary Inquiries

Classification	Number
Administrative	10
Criminal	22
Preliminary Inquiry	3
<b>Total</b>	<b>35</b>

**Table # 8 Pending Audits**

Pending Audits

Audit Name	Time Frame	Status
Follow-Up Construction Change Order	12/31/2019	Waiting for CHA response
CHA Elevator Services	12/31/2019	Waiting for CHA response
CPD Intergovernmental Agreement Audit	12/31/2019	In progress
PPM Vehicle Use Audit	12/31/2019	Waiting for PPM & CHA response

**INVESTIGATIONS NOT CONCLUDED WITHIN SIX MONTHS**

Under the *Inspector General Charter*, the OIG must provide statistical data on pending investigations/matters open for more than six months. Of the 35 pending matters, 29 have been open for at least six months. The following table shows the general reasons why these matters remain open.

**Table # 9 Investigations Not Concluded within Six Months from Initiation**

Reasons	Number of Investigations
<b>A.</b> Complex investigation, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	24
<b>B.</b> Indicted cases, but no criminal disposition	5
<b>C.</b> On-hold, to not interfere with another on-going investigation	0
<b>Total</b>	<b>29</b>



#### **D. NOTABLE INVESTIGATIVE SUPPORT**

##### **CHA Health Partnership Initiative**

In collaboration with CHA's Resident Services Department, the OIG reviewed seven health partnership applications this quarter utilizing open source information. Of the seven applications reviewed, there was no derogatory information identified. The OIG will continue to review partnerships on an ad-hoc basis and ensure activities provided by health partners are in the best interests of the CHA and its residents.

##### **OIG Ref #2018-06-00038**

On March 28, 2019, Robert M. Kowalski was indicted by the United States Attorney's Office in the Northern District of Illinois. Kowalski was charged with 5 counts of concealing assets and providing false or fraudulent information in a proceeding under Title 11, namely a Chapter 11 bankruptcy case in violation of Title 18 U.S.C Sections 157(1); 157(2); 157(3) and Section 152(1). Kowalski was charged with concealing over \$511,000 in assets including rent checks totaling \$3,400.

Kowalski has been a CHA landlord since 2011. Kowalski has conducted business with the CHA through limited liability corporations including Indomitable LLC, Piorun Properties LLC, and Mountain Duck Properties LLC. From 2011 through 2018, these entities were paid over \$2,000,000 in Housing Assistance Payments (HAP) on behalf of CHA HCV participants. From 2011 through 2018, Kowalski, through his LLC's received HAP payments for over 90 CHA HCV participants. In 2018, Kowalski had 15 units he was receiving a HAP from the CHA. The CHA OIG has provided assistance to the US Attorney's Office and to the various Federal Law enforcement agencies involved in this investigation resulting in this indictment.

#### **E. SIGNIFICANT INDICTMENTS**

There were three significant indictments during the first half of 2019. An OIG investigation resulted in two criminal indictments against two individuals. The following is a summary of these cases.

##### **OIG Ref# 2019-06-00012**

The CHA OIG conducted a joint investigation with the Cook County State's Attorney's Office involving a CHA employee. He/she had been employed by the CHA since 2016. On June 28, 2019, the Grand Jury sitting in the Circuit Court of Cook County returned an eight-count indictment charging the employee with Bribery and Official Misconduct.

**OIG Ref# 2017-06-00011**

On June 27, 2019, CHA Housing Choice Voucher (HCV) participant Shawanna Spivery (Spivery) was indicted by a Cook County Grand Jury on: two counts of Theft of Government Property from the CHA exceeding \$10,000 in value but not exceeding \$100,000; one count of Forgery for knowingly submitting a false document to the CHA knowing that it failed to disclose that she was renting from a relative, namely her husband and said document was used, in part to determine her eligibility to receive housing assistance from the CHA and; one count of income tax fraud for filing as “single or head of household” when she was legally married. The arraignment is July 11, 2019.

On June 27, 2019, Charles Watts (Watts), the CHA landlord for HCV participant Shawanna Spivery was indicted by a Cook County Grand Jury on: two counts of Theft of Government Property from the CHA exceeding \$10,000 in value but not exceeding \$100,000; and; one count of income tax fraud for filing as “single or head of household” when he was legally married. The arraignment is July 11, 2019.

The OIG investigation disclosed that Spivery transferred her voucher to a single family home owned by Watts in January 2007. Spivery and Watts were married in August, 2008 and Watts has resided in the HCV unit with the participant since their marriage to the present. From August, 2008 neither Spivery or Watts informed the CHA that they were married and that Watts was residing in the HCV Unit. Watts provided the CHA with a PO Box for his mailing address.

The HCV and the Family Obligation forms signed by Spivery state that the participant must provide the CHA with true and complete information and that the participant may not reside in a unit owned by a family member. In addition, in the Housing Assistance Payment contract signed by Watts, he certified that only Spivery and her children resided in the unit.

Between September 1, 2008 through February 1, 2019, Spivery and Watts fraudulently received over \$94,000 in benefits from the CHA.

**F. CLOSED INVESTIGATIONS SYNOPSIS**

An OIG investigation can be either administrative, criminal or both. Administrative investigations generally involve violations of HUD regulations and/or CHA rules, policies or procedures. For sustained administrative investigations, the OIG prepares a summary report of the investigation and its findings. These summary reports are presented to the CEO and the impacted department to facilitate an appropriate resolution. They are available upon request to the Audit Committee. In order to maintain confidentiality and integrity of the pending investigations, the OIG has omitted any information on pending/open investigations. In criminal investigations, if there is sufficient evidence gathered for potential prosecution, the investigation will be presented to a prosecuting agency for review.

## **CLOSED CRIMINAL CASES**

Two criminal cases were closed during the first half of 2019. One case was declined. The following is a summary of the closed sustained case.

### **OIG Ref# 2016-11-00019**

A CHA OIG investigation was initiated involving former CHA vendor, Mohd A. Assaf (Assaf), the owner of M & M Painting Services Inc.

The investigation revealed that between November 2016 and February 2018, Assaf attempted to and/or successfully cashed or deposited fraudulent CHA checks totaling over \$193,000. Assaf was able to create the fraudulent checks from valid CHA checks he was issued while his company was an active CHA vendor from September 2008 to April 2016.

On January 30, 2018, the Illinois Attorney General Office filed a multi-count indictment against Assaf in the DuPage County Circuit Court charging him with four counts of forgery and three counts of theft.

On February 21, 2018, the Office of the Illinois Attorney General filed a multi-count indictment against Assaf in the Cook County Circuit Court charging him with five counts of forgery and four counts of theft.

On February 22, 2019, Assaf pled guilty in the DuPage County Circuit Court before the honorable Judge Jeffrey Mackay to two counts of Theft by Deception and was sentenced to 24 months of probation with conditions. Assaf was also ordered to pay restitution to the victims.

On May 15, 2019, Assaf pled guilty in the Cook County Circuit Court before the honorable Judge James Linn to one count of Theft by Deception and was sentenced to 36 months in the Illinois Department of Corrections. Assaf was also ordered to pay restitution to the victim.

The CHA OIG considers this investigative matter to be closed.

## **CLOSED ADMINISTRATIVE CASES**

There were seven closed administrative cases during the first half of 2019. Two cases were sustained and five cases were not sustained. The following are summaries of the sustained cases.

### **OIG Ref #2018-04-00014**

Information was received by the CHA OIG regarding a large capital construction project. The primary allegation involved the Prime Contractor (Prime) on the project and one of its Sub-contractors (Sub). The subcontract agreement with the Sub involved the masonry scope of the contract and totaled \$600,000. The primary issues brought to the OIG included:

- The Sub was not qualified to complete the scope of the masonry work for the project
- The Prime was paying for materials, supplies and equipment relating to the masonry scope of the project for the Sub and the Prime knew that the Sub did not have the capital to fund the project nor the expertise to do the masonry work
- The Prime requested the Sub to sign blank lien waivers
- The Sub alleged that the Prime had access to the Sub's B2Gnow account and their LCPtracker account
- The Prime paid the Sub with cash and personal checks

The OIG initiated an investigation in August 2018. The OIG investigation concluded that the Prime did in fact hire a substandard contractor to complete the masonry scope of the project. Both the Prime and the Sub breached the prime-subcontractor relationship which resulted in both parties providing misleading and false information to the CHA during the first phase of the project.

The prime contractor was responsible for selecting competent, qualified and skilled subcontractors. A section in the CHA contract stated: "The contractor represents that it has, or shall immediately secure experienced, qualified, and professional personnel who shall perform Work required pursuant to the contract". By selecting an unqualified subcontractor for the masonry portion of the contract, the Prime caused delays in the project and masonry work that had to be corrected or redone.

The OIG determined that the Prime; advanced funds to the Sub for payroll, hired masons for the Sub and purchased materials, supplies and equipment for Sub. These actions clearly violated the independent relationship between the Prime and the Sub. The following is a summary of how each party breached this relationship:

- The Prime entered into a subcontract agreement with the Sub knowing that the Sub was not qualified or capable of completing the masonry scope of the project
- The Prime entered into a subcontract agreement with the Sub knowing that the Sub did not have the capital to finance the project
- The Prime submitted lien waivers and monthly pay requests that were misleading to the CHA and misrepresented the relationship between the Prime and the Sub
- The Prime hired masonry employees for the Sub in December 2017 and January 2018
- The Sub entered into a subcontract agreement with the Prime knowing they were not qualified or capable of completing the masonry scope of the project
- The Sub acknowledged that he did not have sufficient credit at the start of the project to obtain the necessary materials and supplies

- The Sub alleged the Prime owed him payment for his work. However, the Sub never submitted invoices to the Prime for payment
- The Sub made numerous inconsistent statements to the OIG and the Department of Procurement and Contracts (DPC)
- The OIG investigation determined that the Certified Payroll reports submitted by the Sub were inaccurate and false

The OIG recommended to DPC that the Sub be barred from the CHA's Job Order Contracting program based upon its findings.

The OIG also recommended that appropriate action be taken by the Department of Procurement and Contracts against the Prime including, but not be limited to: a written warning; a period of compliance hold on new projects; or debarment for a period of time.

**OIG Ref #2019-04-00034**

In April 2019, the OIG became aware of that a Subcontractor (Sub) on a major capital construction project had a number of legal issues. The OIG determined that the owner of the Sub had been indicted in Federal court in May 2018 relating to bribes paid to a State employee to obtain contracts with that State Agency. The investigation was initiated by the Illinois Executive OIG and the Federal Bureau of Investigation (FBI). The Illinois Executive OIG found that the owner committed bribery and violated the gift ban provision pertaining to State of Illinois employees and the State Ethics Act. This information was immediately provided to the Chief of Capital Construction Department (CCD) and the Chief Procurement Officer. The OIG initiated an investigation to determine if the prime contractor (Prime), had; a prior working relationship with the Sub and if the Prime had any knowledge of the owner of the Sub's unethical activities and if the Prime had vetted the Sub and their other subcontractors.

The OIG investigation determined that there was strong and sufficient evidence that the Sub and its owner, operated a kickback scheme with a State employee in violation of State Official Misconduct and Bribery Statutes and in violation of the Gift Ban provision of the State Officials and Employees Ethics Act. Based upon the evidence, the OIG recommended that Sub and any other business operated by its owner be debarred from doing any business with the CHA for a period of 3 years.

The OIG also found that the Prime should be held responsible for not conducting any due diligence before subcontracting with Sub. The Prime submitted a Contractor's affidavit certifying that they had obtained certifications from their Subs who certified that they had not bribed or attempted to bribe a public official or employee of the State of Illinois or any agency of the federal government or any state or local government. The OIG recommended that the CHA Department of Procurement and Contracts (DPC) and the Capital Construction Department

(CCD) take appropriate action against the Prime including, but not limited to issuing a warning letter or a suspension.

## **G. CLOSED AUDITS AND REVIEWS SYNOPSIS**

The investigative team continues to rely heavily on the audit and analytics team for investigative support in financial frauds and forensic accounting matters. This support is critical to allow the OIG to conduct and lead multi-jurisdiction, complex investigations. The audit staff's support on investigative matters will continue to be an integral part of OIG investigations.

The OIG closed one audit and one program review during the bi-annual reporting period. Below contains a summary of the closed audit and program review.

### **CAC Youth Program Review**

The OIG conducted a review of a youth program, previously administered by the Central Advisory Council (CAC), to facilitate an understanding of the program's provision of services and its continued support for CHA funding. The OIG identified seven findings and issued a Memorandum to the Chief Executive Officer (CEO), with recommendations for appropriate action, including but not limited to, ceasing all future payments to the program's education consultant. The OIG looks forward to management response regarding this matter.

### **Progress Report on the Procurement Reform Task Force (PRTF)**

The OIG assisted the City of Chicago's Inspector General in a joint oversight project on the Procurement Reform Task Force (PRTF). The Task Force was announced in May 2015 by Mayor Emanuel in an effort to develop recommendations to make procurement and contract management at the City of Chicago and its sister agencies (CHA, Chicago Public Schools, Chicago Transit Authority, City Colleges of Chicago, Chicago Park District and the Public Building Commission) more uniform, efficient and cost effective, while increasing accountability.

The OIG assessed CHA's progress toward implementing the recommended reforms at an operational level and reported its findings to the Chicago Inspector General, who issued a final report on June 4, 2019. The final report summarizes whether represented actions have, in fact, been undertaken by CHA, the City of Chicago and other sister agencies.

CHA has completed and/or is in progress of implementing the specific recommendations to be tested as requested by City OIG. The OIG did not test the status of all the recommendations. CHA OIG provided the following additional recommendations to the City OIG based upon our observations and prior investigations:

The following recommendations pertain to the Task Force's original recommendations:

- **PRTF Recommendation 8** - Require contractors to disclose their subcontractors, principles and officers under prior names / “Doing Business As” (DBA’s). DPC Compliance should check these additional names to ensure the vendor is not subject to debarment under a different name.
- **PRTF Recommendation 9** - Require contractors to disclose both financial and familial relationships with their subcontractors and to provide an explanation of the specific relationship. This is to ensure that there is no conflict of interest and that there is an independent relationship between prime contractors and its subcontractors.

The CHA OIG believes these recommendations would limit the risks for fraud and conflicts of interest, as well as increase accountability for government contractors.

## **H. ANALYTICS**

The following are significant data analytic projects for the past six months:

### Registered Sex Offender List Analysis

As part of a quarterly analysis, the OIG continues to identify the number of lifetime registered sex offender names (offenders) listing a public housing or HCV address, pursuant to the *Quality Housing and Work Responsibility Act of 1998 (Section 578)*.<sup>3</sup>

### *Bi-Annual Results*

The OIG found 11 lifetime offenders who listed CHA addresses on the registry for this reporting period. Six of these individuals were identified in previous quarterly analyses. Four of the additional offenders registered at the same address as an HCV participant but were not listed as household members in the participant’s voucher. This indicates that these CHA participants may have unauthorized occupants living in their unit. As a result, HCV sends each participant a notice requesting proof of residency for the offender and must provide documentation showing the subsidized address has been removed from the registry.

There is one offender that is registered at the same address as a Public Housing resident. The offender is not on the lease agreement.

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<sup>3</sup> This Act became effective on June 25, 2001.

### *Status from Previous Analyses*

<b>Enforcement Action</b>	<b>Total (76)</b>
Terminated	6
Settlement Agreement	1
Under Eviction	0
PAC Agreement or Warning Notice	15
ITT issued	1
Document Outstanding Notice Sent	10
No Further Action	43

#### **I. LAW ENFORCEMENT AND OIG PARTNERSHIPS**

Throughout the year, the OIG staff participate in various professional meetings and seminars, to share intelligence, emergent and common fraud schemes, and obtain training. Below are the meetings that staff attended in the past six months.

**Benefits Fraud Working Group** is sponsored by the Cook County State's Attorney's Office (CCSAO) and meets on a regular basis. The OIG investigators attended the meeting on 1/25/2019 and 2/15/2019 to discuss the status of current CHA OIG Benefits Fraud cases with prosecutors from the CCSAO. In addition to the regular meetings above, the OIG staff attended the following two trainings this quarter.

**OIG Agent Working Group** was formed to encourage OIG Agent/Investigator dialogue and agency collaboration which leads to an increase in joint investigations and federal prosecutions. Experience has shown that when an individual or group has committed fraud against one agency, it is likely that those same targets have committed fraud against other government agencies. The working group is comprised of OIG Agents and Investigators from Federal, state and local agencies, and prosecutors from the U.S. Attorney's Office for the Northern District of Illinois.

On 3/26/2019, OIG personnel attended a presentation by a U.S. Magistrate Judge from the Northern District of Illinois, who spoke about the review and authorization of arrest warrants and search warrants for electronic devices and communications. Following the presentation, the meeting was opened for discussion of ongoing investigations, issues, and/or trends.

**Illinois Fraud Working Group** is a quarterly meeting of law enforcement investigators and provides presentations, training, and discussion of fraud matters within the Chicago area of responsibility. Attendees include representatives from federal and state law enforcement agencies and many of their related OIGs; the US Attorney's Office; and the Illinois Attorney General's Office. The Deputy IG attended a meeting on 3/18/2019 at the Federal Reserve Board.

**Executive Leadership Group** meets on a quarterly basis to discuss various issues related to the participating agencies. The group is comprised of law enforcement executives from various federal agencies. The Deputy IG attended a meeting on 4/3/2019 at the US Department of Labor, Office of Inspector General.



**Chicago High Intensity Drug Trafficking Area (HIDTA) Group** addresses narcotics-related issues by supporting and collaborating with law enforcement, treatment, and prevention partners. HIDTA's mission is to enhance and coordinate drug-control efforts among local, state and Federal law enforcement agencies to eliminate or reduce drug trafficking and its harmful consequences in critical regions of the United States.

On 5/30/2019, the Deputy IG and Information Analyst met with HIDTA's executive management team to discuss HIDTA's mission and their efforts in using the latest in law enforcement technology to collect, analyze and disseminate information and intelligence on drug trafficking, money laundering, violence, gangs and weapons trafficking to support HIDTA initiatives and participating agencies.

In addition to the regular meetings above, the OIG staff attended the following trainings.

### **Illinois Association of Inspector General's Training Session**

OIG staff attended the Illinois AIG Training Session held on 5/10/2019. The training was attended by over 150 inspectors general, analysts, investigators and auditors from federal, state and local agencies. Training topics included Revenue Loss Audit; IG Partnerships with Prosecuting Agencies; Creation of Sexual Abuse Investigative Units; Writing Clear & Concise Documents; and OIG Public Outreach case studies regarding fraud investigations, analytics and ethics. The training also provides an opportunity for OIG staff to earn CPE credits to maintain their professional certifications.

### **Chicagoland Fraud Conference**

On 5/10/2019, OIG staff attended the Chicagoland Fraud Conference, held at Sears corporate headquarters, Hoffman Estates, IL, and sponsored by the Greater Chicago Chapter of the Association of Certified Fraud Examiners. Presenters were leaders in many related areas of expertise including IIA, ACFE, AGA, ISACA, SCCE, and HCCA, and training topics included "Behavioral Profile of the Occupational Fraudster"; "The Fraudster's Spell – What an Art Forger can Teach us About Fraud Risk Management"; "2019 University Admission Bribery Scandal"; "Trust but Verify: Online Sources and Strategies for Due Diligence Investigations"; and "Understanding and Preventing Procurement Fraud".

## **J. OUTSTANDING ITEMS**

The OIG works collaboratively with CHA management after an investigation is referred to their department for administrative follow-up. The OIG often recommends administrative actions be taken in regards to a participant, contractor or employee and requests a written response after such action is taken including but not limited to debarment proceedings. Currently, the OIG is awaiting management response from the DPC - 2 matters; Office of the General Counsel – 4 matters; and Property Office - 2 matters.

The matters the OIG is requesting a written response to derived from the Chair of the Finance/Audit committee requesting the OIG keep track of all the CHA actions taken on the sustained administrative investigations and audits. The OIG is now attaching a form that needs

to be filled out by CHA with their course of actions within 60 days upon receipt of report. To date, HCV is the only department that has responded to the OIG request for written response.