

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, we hope you will use this newsletter as a resource to read about our most recent work on a quarterly basis. You will find updates about HUD OIG's recently issued reports, newly announced work, featured highlights from the IG, 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@hudig.gov.

Rae Oliver Davis

Rae Oliver Davis | INSPECTOR GENERAL

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INSPECTOR GENERAL
 UNITED STATES DEPARTMENT OF
 HOUSING AND URBAN DEVELOPMENT

HUD Inspector General **IN THE NEWS**

Federal News Network: HUD is way behind on a crucial data sharing, anti-fraud portal

On August 28, 2023, Inspector General Rae Oliver Davis discussed with Federal News Network's *Federal Drive with Tom Temin*, the importance of HUD's disaster recovery data portal and the complexity concerning the administration of funding for beneficiaries who are eligible to receive disaster recovery relief from HUD.

- [Read the full interview >](#)

United States Attorney Jacqueline C. Romero and HUD Inspector General Rae Oliver Davis Host a Safe Housing Seminar Focused on Promoting Health and Safety in HUD-Assisted Housing

United States Attorney Jacqueline C. Romero and the U.S. Department of Housing and Urban Development's Inspector General Rae Oliver Davis hosted a Safe Housing Seminar today focused on promoting the health and safety of tenants living in HUD-assisted housing. The seminar, which took place at the U.S. Attorney's Office in Philadelphia as part of the HUD Office of Inspector General's new community outreach initiative, focused on eliminating environmental hazards and combatting sexual misconduct in HUD-assisted housing.

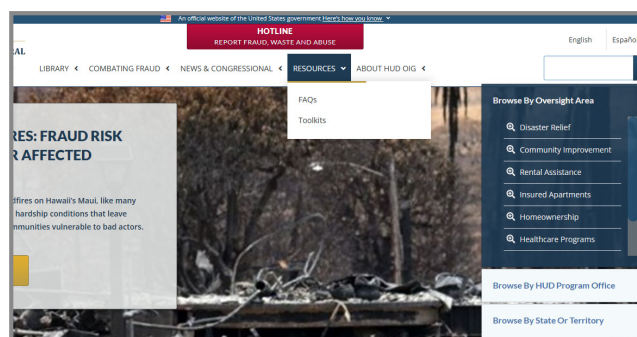
- [Read the press release >](#)

HUD OIG Spotlight

Justice Department Sues Ohio Landlord for Sexually Harassing Tenants

The Justice Department today filed a lawsuit against Joseph Earl Lucas of Amesville, Ohio, for sexually harassing female tenants and housing applicants in violation of the Fair Housing Act. Lucas has owned and managed more than 70 residential rental properties in and around Athens County, Ohio.

"Every person deserves to feel safe in housing without facing the threat of being sexually harassed or abused by a landlord. Victims should not hesitate to report such harassment and abuse to law enforcement authorities. HUD OIG will continue to work with its law enforcement partners to hold housing providers accountable for this type of horrible conduct."
~ Inspector General Rae Oliver Davis.



NEW! HUD OIG Resources Page

Check out HUD OIG's new Resources menu! This menu offers useful grab-and-go information that stakeholders can use when collaborating with HUD OIG. The menu includes oversight and media toolkits about IG priority initiatives, frequently asked questions, and HUD OIG Hotline posters and brochures. The Resources menu will be updated frequently so stay tuned for more and check back often!



Recently Issued Oversight Work

[Disaster Recovery Data Portal](#)

HUD OIG conducted an audit of HUD's Disaster Recovery Data Portal to determine the status of the data portal and determine whether it would be an effective tool to assist grantees in preventing and detecting duplication of benefits when administering disaster recovery and mitigation grant funds. The Disaster Recovery Data Portal is a technological solution planned by HUD to facilitate the rapid and secure transmission of data from the Federal Emergency Management Agency (FEMA) to HUD's Community Development Block Grant Disaster Recovery grantees. This audit determined that as of January 2023, HUD's Disaster Recovery Data Portal application had been partially developed, and HUD was in the preliminary stages of planning a new project to complete it. However, the Disaster Recovery Data Portal would include data from only one FEMA program, and HUD's grantees could benefit from including additional data sources. Until the project is completed, HUD does not have an automated system to share data from the FEMA with its disaster grantees, requiring HUD personnel to manually deliver FEMA data to grantees and grantees to be responsible for separately obtaining data for other potential sources of duplication. HUD OIG made several recommendations, which include that HUD's Office of the Chief Information Officer and Office of Policy Development and Research develop the project management documents establishing the roles, responsibilities, and risks for the Disaster Recovery Data Portal project and, in coordination with the Office of Disaster Recovery, pursue additional data sources to incorporate into the Disaster Recovery Data Portal.

[Tracking Pandemic Relief Funds that Went to Local Communities Reveals Persistent Data Gaps and Data Reliability Issues](#)

In coordination with ten of its Pandemic Response Accountability Committee (PRAC) Offices of Inspector General, HUD OIG participated in a joint review of pandemic relief funding and how it was used in six different communities across the United States. The review revealed persistent data gaps and data reliability issues with all six selected communities reviewed. Specifically, the time, resources, and non-public data required to identify the total amount of funding that went to the six communities illustrates the difficulty in fully understanding the recipients and uses of federal pandemic relief funds. This review further demonstrates the clear need for broad government action and immediate steps to improve the transparency and accessibility of pandemic spending data. This report—which is the first of several associated with this review—did not make any new recommendations because the PRAC previously made three recommendations to the Office of Management and Budget to address gaps in federal spending data.

State of California, 2018 Disasters Owner-Occupied Rehabilitation and Reconstruction Program

HUD OIG conducted an audit of the State of California's 2018 disaster owner-occupied rehabilitation and reconstruction program to determine what the State was considering and to what extent resilience-based mitigation efforts help homeowners to withstand potential future disasters. The audit also reviewed how the State is prioritizing its efforts in the program to assist qualified low-to-moderate-income beneficiaries. This audit determined that the State's owner-occupied rehabilitation and reconstruction program generally planned for resilience-based mitigation efforts and prioritized its efforts to assist qualified low-to-moderate-income beneficiaries. However, the State faced some challenges when verifying structure type and size and assessing ownership and primary residency when implementing the program. This occurred because the program was the first housing rehabilitation and reconstruction program of its kind that addressed a wildfire disaster. HUD OIG made several recommendations, including that the State ensure that it has proper documentation for compliance with building standards and ownership and primary residence determinations.

HUD's Assistance and Grantee Challenges With the Office of Native American Programs' COVID-19 Recovery Programs

HUD OIG conducted an audit of HUD's Office of Native American Programs' (ONAP) COVID-19 recovery programs to provide HUD with insight and a nationwide perspective on the challenges that grantees experienced with those programs based on survey results and interviews conducted. This audit determined that HUD provided information, guidance, and training to assist grantees in navigating the ONAP COVID-19 recovery programs soon after the funding was appropriated. However, despite HUD's efforts, grantees reported challenges when using funds that were primarily outside of HUD's control, including a lack of supplies (and increased cost of supplies), contractors, and capacity. As a result, approximately \$531.5 million of the \$1.03 billion that Congress authorized for the ONAP COVID-19 recovery programs remained available to be drawn by grantees (an estimated 52 percent) approximately 2 years after the funding was appropriated. HUD OIG recommended that the Deputy Assistant Secretary for ONAP consider grantee feedback on the challenges they faced as part of ONAP's planning for technical assistance and training of ONAP COVID-19 recovery program grantees.





Recently Announced Work

HUD NDR Project Activity Status

HUD OIG is conducting an audit of HUD's CDBG-DR National Disaster Resilience (NDR) program to determine if grantees accomplished or can accomplish the goals of the activities outlined in its action plans by the established deadlines; and identify best practices for use in similar HUD programs, based on the accomplishments and challenges grantees faced in meeting the NDR program purpose.

Six Non-State Grantees Use of CDBG-DR Grant Fund

HUD OIG is conducting an audit of selected direct non-State disaster grantees designated as slow spenders to assess whether selected direct non-State disaster grantees have viable plans to spend their remaining grant funds on eligible activities that benefit program participants within a reasonable amount of time; and determine the factors that impacted each grantee's ability to spend their funds in a timely manner.

HUD's Measurement of Held Vacant Loan Sales Mission Objectives

HUD OIG is conducting an audit of the Office of Asset Sales' HUD-Held Vacant Loan Sales (HLVS) program to assess the extent to which HUD tracks and measures its loan sale program's success and determine its achievement of mission objectives in relation to the Administration's housing initiatives.

Hawaii-based Grantee ESG-CV Program Fraud Risk Management Assessment

HUD OIG is conducting an audit of a Hawaii-based grantee's Coronavirus, Aid, Relief, and Economic Security (CARES) Act, Emergency Solutions Grants (ESG-CV) program to assess the grantee's fraud risk framework, which encompasses control activities to prevent, detect, and respond to fraud.



HUD OIG Office of Investigation Highlights

FHA Single Family Loan Origination

On July 25, 2023, Sandy Lurigio (Sandy) was sentenced to eight months in prison and two years' supervised release, for her role in committing bank fraud. Sandy was also ordered to pay a \$100 assessment fee, and \$1,612,438 in restitution to CMG Mortgage Inc. (\$264,501); HUD-FOC (\$1,149,054); PNC Bank (\$187,303); and U.S. Bank Home Mortgage (\$11,580). HUD OIG previously indicted Sandy and her co-conspirator Marco Lurigio, pursuant to an investigation into Marco and Sandy, and others involved in the alleged fraudulent purchase of at least 11 properties on the south side of Chicago, Illinois between August 2011 through April 2014. Marco and Sandy recruited and assisted buyers in obtaining FHA-insured mortgage loans that included false information on documents such as loan applications, bank statements, gift letters, pay stubs, and HUD-1 settlement statements, regarding the buyers' employment, income, assets, source of down payment, and intention to occupy the property as a primary residence. They controlled approximately four companies, three of which were used as false employment for many of the borrowers and submitted documents such as 1099s and paystubs to the lenders, and subsequently HUD, to support the false employment scheme. Marco and Sandy altered bank statements to show the borrowers had inflated bank account balances and used false gift letters on at least four occasions to assist the borrowers in qualifying for mortgage loans. It is also alleged that Sandy purchased a property under the name Janette Chavez, while Marco purchased a property under the name Demetrio Cardone. In total, at least \$1,056,896.00 in payments were made to the companies within Sandy and Marco's control. Marco was previously sentenced to 36-months incarceration for his participation in this scheme.

On July 25, 2023, Daliany Velazquez, a real estate agent, was sentenced to 3 years' probation and forfeiture of \$6,700 for her role in committing bank fraud. In addition to being a real estate agent, Velazquez controlled a trucking company located in Tampa, Florida, which she used to create false employment documents, such as earning statements and verification of employment documents – she also altered bank statements that contained inflated income that she submitted to the mortgage company to support approval of her mortgage loans.

On September 13, 2023, Omayra Ujaque, a mortgage loan officer, was sentenced to 32-months in prison, 24 months probation, and ordered to pay restitution in the amount of \$63,990.60 for her role in bank fraud and aggravated identity theft affecting a financial institution. Ujaque created and executed a mortgage fraud scheme targeting the financial institution where she worked. To ensure that otherwise unqualified borrowers were approved for mortgage loans, Ujaque falsified the borrowers' income by fabricating or inflating the amounts of their monthly child support payments on mortgage loan applications that she signed and certified to the financial institution's underwriting department. In furtherance of her scheme, Ujaque created fictitious Final Judgments of Dissolution of Marriage and Final Orders Modifying Child Support that fraudulently represented that the borrowers were entitled to receive non-existent monthly child support payments. Ujaque then used the names of judges from the Circuit Court of the Ninth District of Florida and forged their signatures on the fabricated Final Judgments of Dissolution of Marriage or Final Orders Modifying Child Support. Ujaque also created bogus Florida Department of Revenue statements listing fraudulent monthly child support payments, as well as phony prepaid debit card statements listing fake borrower withdrawals of the non-existent monthly child support payments.

- [Read the press release >](#)

Public Corruption-Housing Authorities

On July 11, 2023, Walter Pierluisi-Isern, President of American Management & Administration Corporation (AMAC) was sentenced to 43-months in prison, 2 years' supervised release, and ordered to pay restitution in the amount of \$2,035,498, jointly, and severally with AMAC for his role in committing theft of Federal program funds provided by HUD for the administration of public housing projects (PHPs) in Puerto Rico. Defendant Eduardo Pierluisi Isern was sentenced to serve 24 months in prison, 2 years' supervised release, and ordered to pay restitution in the amount of \$363,202, jointly and severally with AMAC. Defendant AMAC was sentenced to 3 years on probation and ordered to pay restitution in the amount of \$3,712,000, jointly and severally with the co-defendants. AMAC was a management agent of the Puerto Rico Public Housing Authority. From approximately 2012 through 2022, Pierluisi-Isern failed to disclose self-dealings from subcontracted entities of interest to the PHA and HUD in violation of its contractual fiduciary obligations by having an impermissible financial gain through the purchase of sub-contracted goods and services with PHA funds. Pierluisi-Isern received approximately \$2,035,498 in benefits that he was not entitled to from the HUD Operational Fund.





On September 8, 2023, David Velez-Hernandez, Director of Finance of AMAC, was sentenced to 37-months in prison and 24-months supervised released for his role as part of the AMAC public corruption scheme. From approximately 2014 through 2022, Velez-Hernandez, created two companies to provide services to the Public Housing Programs managed by AMAC and colluded with the respective presidents while maintaining the undisclosed managerial capacity of these companies. These two presidents opened personal bank accounts to deposit checks issued under their names for the personal use and benefit of Velez-Hernandez and provided Velez-Hernandez with the accounts' debit cards. Velez-Hernandez personal purchases and ATM withdrawals using the debit cards issued to these individuals totaled \$876,639 from HUD's Operational fund, which he was ordered to retribute jointly and severally with co-defendant AMAC.

- [Read the press release >](#)

On September 1, 2023, Laquenta Lowe, former Executive Director for the Raleigh County Housing Authority (RCHA), in Beckley, West Virginia, was sentenced to 5 years' probation and ordered to pay restitution in the amount of \$8,955 for her role in committing theft of public money. From July 2018 to April 2021, Lowe submitted to the RCHA false travel reimbursement requests, false timesheets claiming excessive overtime, and used the RCHA's credit card to make personal purchases. During this time, Lowe received \$8,955 in benefits she was not entitled to. Lowe was removed from her position as RCHA's Executive Director and the RCHA's entire board was replaced as a result of the investigation.

- [Read the press release >](#)

On August 10, 2023, Marcie Thumann was sentenced to 1 year and 1 day in prison, 3 years' supervised release, and ordered to pay restitution in the amount of \$213,217 for her role in committing theft. Between January 2010 and July 2018, Marcie Marie Thumann worked as a bookkeeper for the Albert Lea Housing and Redevelopment Authority (HRA). At the beginning of each month, the HRA's computer system generated a rent-due balance for each tenant. Thumann, who was responsible for recording and reconciling payments to the HRA, received tenants' rent payments via cash, check, or money order. During her tenure as the HRA's bookkeeper, Thumann routinely embezzled HRA rent payments for her own personal use. She did so by pocketing cash payments and altering the payee information on payments made by check and money order. Thumann also manipulated the HRA's computer system to conceal the money she stole, avoiding detection and prolonging her fraud scheme. In total, Thumann stole at least \$213,217 in tenant payments.

- [Read the press release >](#)

Section 8-Landlord Fraud

On July 18, 2023, Antoine Draines, a HCVP landlord, was sentenced to 18-months in prison and ordered to pay restitution in the amount of \$94,942 for his role in committing rental assistance fraud. According to court documents, Draines controlled and operated Freedom for Living Property Management, LLC in Tipp City, Ohio. The company owned and served as landlord of numerous rental properties in Dayton, Ohio. From at least June 2020 until December 2020, Draines lied to Miami Valley Community Action Partnership (a local non-profit organization) (MVCAP) so that he could improperly collect emergency rental assistance money for certain Freedom for Living properties. MVCAP received federal funding as part of the CARES Act. Draines knowingly sent false landlord statement forms concealing the fact that certain tenants were receiving rental subsidies for a substantial portion of their rent paid through federally funded housing vouchers. In addition, Draines fraudulently applied for and received Pandemic Unemployment Assistance benefits from the Ohio Department of Job and Family Services, resulting in him wrongfully collecting approximately \$30,000.

- [Read the press release >](#)

On August 17, 2023, Rebecca Amelia Cranford was sentenced to time-served (1 day), ordered to pay restitution in the amount of \$113,067, and 24-months' probation for her role in committing theft of government funds. Cranford owned a property management business called "Cape Cottages Inside Out Inc.," that assisted vacation property owners in Cape Cod, Massachusetts with setting up their properties for the season. Between December 2004 and February 2020, Cranford falsified documents to the Massachusetts Department of Housing and Community Development by concealing the fact she was both the landlord and tenant of one property that her business managed. Specifically, Cranford falsely claimed her property management company owned one of the properties she managed, and falsely claimed a Section 8 tenant lived in the property, to illegally collect rental subsidies. As a fraudulent landlord and ghost tenant, Cranford received over \$113,000 in Section 8 rent subsidies while she actually resided in Costa Rica for at least the last 5 years.





Public Corruption-Multi Family

On August 29, 2023, Oliver King, owner, and principal of King Management Services (KMS)— a property management company— was sentenced to 36-months’ probation, 50 hours of community service, and ordered to pay restitution in the amount of \$16,618 for his role in committing theft of government funds. From October 2016 to November 2018, in his role as management agent for the Mt. Carmel Homes Apartments, a HUD Multifamily property owned by the Mt. Carmel Missionary Baptist Church in Daytona Beach, Florida, King embezzled funds paid by HUD to support and improve the property. King used his unilateral control of the property’s bank account to make duplicative payments, in the amount of \$37,322, to his property management company KMS for management fees. Of the amount stolen, King repaid the Mt. Carmel Homes Missionary Baptist Church (the owner) \$20,703 and was subsequently charged with the balance of his theft, \$16,618. King took advantage of the leadership of the Mt. Carmel Missionary Baptist Church and used his position to enrich himself and deprived the residents of the Mt. Carmel Homes Apartments of a decent, safe, and sanitary community to call home.

Pandemic Fraud

On August 30, 2023, Dana McIntyre, former owner of Rasta Pasta Pizzeria, was sentenced to 2 years in prison, 3 years’ supervised release, and ordered to pay restitution in the amount of \$679,156 for his role in committing wire fraud and money laundering. In March 2020, McIntyre used the names of his adult children to submit two fraudulent applications to the U.S. Small Business Administration (SBA) for Economic Injury Disaster Loans (EIDL) for fictitious businesses. Beginning in April 2020, McIntyre submitted applications and weekly certifications to receive Pandemic Unemployment Assistance (PUA) benefits. In addition, McIntyre submitted a fraudulent application for a PPP loan of more than \$660,000 through an SBA-approved lender. In the application, McIntyre inflated information about the pizzeria’s employees and payroll expenses and falsified an official tax form to qualify the business for a larger loan amount. After receiving a PPP loan of more than \$660,000, McIntyre sold the pizzeria and used nearly all the proceeds to purchase and improve an alpaca farm in Vermont and other personal expenses, including two vehicles and airtime for his crypto-currency themed radio show.

- [Read the press release >](#)

On September 12, 2023, Niesha Green, a Cuyahoga Metropolitan Housing Authority tenant, was sentenced to 12-months in prison, 3 years' supervised release, and ordered to pay restitution in the amount of \$186,503 for role in conspiracy to commit mail fraud, wire fraud, theft of government property, and false statements. From approximately March 2020 through December 2020, Niesha Green allegedly conspired with others and used the names and social security numbers of approximately 70 victims to file 180 PUA and several EIDL applications, totaling approximately \$3.4 million in intended losses, with an actual loss of approximately \$767,074. The overpayment by the CMHA due to unreported income, assets, and employment is approximately \$37,754.

On August 16, 2023, Maurice Lawson was sentenced to 21-months in prison for his role in committing wire fraud. Between April 2020 and March 2021, Lawson applied for at least seven PPP or EIDL loans for six different businesses. The applications contained an assortment of false information, including false Tax Forms 940 and 941, fake social security cards, fraudulent addresses, falsified average monthly payroll claims, and false claims of employing between five and 12 employees. In total, Lawson sought \$537,120, and received \$419,020, in loan proceeds. Among the businesses used to seek these loans was Coastal Drape, LLC – the same company that Lawson used during his mortgage fraud conspiracy, for which he was sentenced in March 2021 to three years of federal probation. Lawson received funds from one of the fraudulent COVID-19 loan applications days after being sentenced for mortgage fraud.

- [Read the press release >](#)



HUD OIG Fraud Bulletins



Disaster Repair Scams and Contractor Fraud

The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) is responsible for overseeing HUD's funding to help communities with unmet needs following a federally declared disaster. Be on the lookout for fraudsters who may try to take advantage of quick timeframes and difficult circumstances that individuals and communities face following a disaster.



Mortgage Rescue Scams Following a Disaster

Natural disasters affect millions of Americans each year. Homeowners who experience temporary or permanent loss of income due to a natural disaster or an increase in expenses post-disaster may be financially vulnerable, making it difficult for them to make mortgage payments. Unfortunately, scammers rely on this vulnerability and attempt to exploit homeowners in disaster-stricken areas.



Hawaii Wildfires: Fraud Risk Awareness for Affected Residents

The devastating and tragic wildfires on Hawaii's Maui, like many natural disasters, have caused hardship conditions that leave individual, businesses, and communities vulnerable to bad actors who take advantage of those impacted by these severe weather emergencies. These bad actors often disguise themselves as do-gooders seeking to help those in need. They often use sophisticated techniques and official sounding terminology following a natural disaster to steal the money of unsuspecting property owners and lie to gain their trust.

Contact Us

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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>.

