



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

February 19, 2015

MEMORANDUM NO:
2015-PH-1804

Memorandum

TO: Dane M. Narode
Associate General Counsel for Program Enforcement, CACC

FROM: *//signed//*
David E. Kasperowicz
Regional Inspector General for Audit, Philadelphia Region, 3AGA

SUBJECT: Final Civil Action
Court Ordered a Former Executive Director of the Philadelphia Housing Authority To Pay Civil Penalties for Violating Federal Lobbying Disclosure Requirements and Restrictions

INTRODUCTION

We conducted a review of the Philadelphia Housing Authority's compliance with Federal lobbying disclosure requirements and restrictions.¹ We found that the Authority engaged in the prohibited practice of using Federal funds for lobbying and a former executive director certified to the U.S. Department of Housing and Urban Development (HUD) that it did not do so. In addition, the former executive director falsely certified to HUD that the Authority did not use non-Federal funds for lobbying activities.

BACKGROUND

The Philadelphia Housing Authority is the Nation's fourth largest public housing agency and owns and operates more than 15,500 affordable housing units, serving about 80,000 people in Philadelphia, PA. The Authority has an annual budget of more than \$370 million. It receives most of its funding from HUD.

Regulations at 24 CFR (Code of Federal Regulations) Part 87 prohibit public housing agencies from using Federal funds for lobbying in connection with any Federal contract, grant, loan, or cooperative agreement or the extension, continuation, renewal, amendment, or modification of

¹ HUD Office of Inspector General audit memorandum number 2013-PH-1803, issued April 26, 2013

the same. The regulations also require recipients of more than \$100,000 in Federal funds or more than \$150,000 in Federal loans to file a certification that Federal funds will not be used for lobbying and also to file a disclosure if lobbying activities have been or will be conducted with non-Federal funds.

During our review of the Authority's compliance with Federal lobbying disclosure requirements and restrictions, we found that the Authority engaged in the prohibited practice of using Federal funds for lobbying and that the former executive director falsely certified that the Authority did not use Federal funds for lobbying activities. The former executive director also falsely certified on at least five occasions that the Authority did not use non-Federal funds for lobbying activities. We recommended that HUD's Office of Program Enforcement pursue remedies under the Program Fraud Civil Remedies Act against the former executive director for falsely certifying to HUD that the Authority did not participate in lobbying activities.

On January 15, 2014, HUD filed a complaint against the former executive director, seeking three civil penalties under the Byrd Amendment² and three civil penalties under the Program Fraud Civil Remedies Act. As a basis for the civil penalties, HUD alleged that the former executive director made or caused to be made three materially false statements to HUD. These alleged false statements were disclosures and certifications submitted to HUD by the Authority.

RESULTS OF REVIEW

On December 5, 2014, an administrative law judge determined that the former executive director was liable for submitting three false certifications and disclosures, constituting a failure to file the required certifications and disclosures under the Byrd Amendment and violating the Program Fraud Civil Remedies Act by knowingly making three false statements to HUD. The court ordered the former executive director to pay HUD civil penalties of \$75,000. The court determined that the former executive director was liable for a \$10,000 civil penalty for the first Byrd Amendment count and two \$25,000 civil penalties for the second and third counts under the Byrd Amendment. Additionally, the former executive director was liable for three \$5,000 civil penalties under the Program Fraud Civil Remedies Act.

RECOMMENDATION

We recommend that HUD's Office of General Counsel, Office of Program Enforcement,

- 1A. Allow the HUD Office of Inspector General to post the civil penalty of \$75,000 in HUD's Audit Resolution and Corrective Action Tracking System as funds put to better use.

² The Byrd Amendment prohibits recipients of a Federal contract, grant, loan, or cooperative agreement from paying a person for the purpose of influencing or attempting to influence an officer or employee of any agency or any officer, employee, or Member of Congress in connection with certain Federal actions. It requires the recipient to file a declaration and certification. Failure to file or amend the required certifications and disclosures can result in the imposition of a civil penalty.