



STATE OF NEW YORK
OFFICE OF THE WELFARE INSPECTOR GENERAL

**DEFRAUDING HRA:
a report on theft and conspiracy,
committed by a New York City official,
her not-for-profit organization,
and a group of South Bronx landlords,
against a rental assistance program
for needy families in New York City**

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Introduction

This report summarizes the principal results of an investigation conducted by the Office of the New York State Welfare Inspector General (OWIG) into an emergency rental assistance program, called “*Jiggetts*,” that was begun in 1991 in order to prevent welfare families in New York City from being evicted from their apartments. Issuance of the report was delayed while criminal cases based on the investigation were pending. Those cases, *People of the State of New York v. Deborah Pollock et al.*, indictment numbers 1452/01 and 1453/01, are scheduled to be concluded on December 13, 2002 in New York State Supreme Court for New York County, with the sentencing of the lead defendant, Deborah Pollock, who during the period charged in the indictment was a high-level assistant to Jason Turner, the commissioner of New York City’s social services agency, called the Human Resources Administration (HRA).

The *Jiggetts* program has covered emergency rental charges for as many as 27,000 welfare families at a time, with an annual cost reaching \$90 million. *Jiggetts* exists only in New York City, although variations of it may be found in other parts of the State, including Westchester and Nassau Counties. The program is named after Barbara Jiggetts, the lead plaintiff in a 1987 lawsuit charging that the State’s basic rental allowance for welfare families in New York City was too low to meet the actual cost of shelter.¹ Ms. Jiggetts’ class action lawsuit, in which she and the other plaintiffs have been represented by the Legal Aid Society, is still pending. The parties to the lawsuit agreed that, until there was a final resolution of the merits of the suit, an “interim relief system” would be instituted, through which families receiving public assistance, who were about to be evicted from their apartments, could apply for supplements to the State’s basic shelter allowance on a case-by-case basis. In order to qualify for a supplement—which itself came to be called “*Jiggetts*”—a family receiving public assistance applies through a state-approved legal services organization or other community-based organization. The application, along with supporting documentation, must demonstrate that the family’s rental payments are in arrears because the government’s shelter allowance is not covering the reasonable cost of the apartment. The most common form of proof of arrears is an order, issued by the City’s Housing Court at a landlord’s request, that a family will be evicted because of non-payment of rent.

Summary of findings

We uncovered an ongoing criminal conspiracy, led by an assistant to HRA Commissioner Jason Turner, which stole hundreds of thousands of dollars in *Jiggetts* funds from New York City and New York State. Landlords belonging to the conspiracy collected more than \$11.3 million in rent from HRA during the two-year period of our investigation, even though their buildings, which housed thousands of tenants, were replete with poor

¹ *Jiggetts v. Grinker*, 139 Misc.2d 476, 528 N.Y.S.2d 462 (N.Y.Co. Sup. Ct. 1988), aff’d 75 N.Y.2d 411, 554 N.Y.S.2d 92 (1990) (New York State is required to provide adequate shelter allowances for families receiving public assistance). The State’s basic shelter allowance for families on public assistance has been found inadequate to cover the ordinary and reasonable costs of renting apartments in New York City. *Jiggetts v. Dowling*, 261 A.D.2d 144, 689 N.Y.S.2d 482 (1st Dept. 1999), lv. dismissed, 94 N.Y.2d 796, 700 N.Y.S.2d 428 (1999).

and even unsafe conditions. In general, HRA, which spent \$548 million last year in combined shelter and *Jiggetts* payments for city residents, has not systematically utilized information gathered by other city agencies—such as the Buildings Department, the Department of Housing Preservation and Development and the Fire Department—to insist that serious housing violations in private apartment buildings occupied by its clients be cured. The HRA unit responsible for emergency housing grants regularly issued millions of dollars to landlords with little, if any, documentation justifying the grants. We further discovered that Deborah Pollock and her associates not only stole from the *Jiggetts* program; they also attempted to illegally obtain a \$1.1 million contract with HRA in 2000 by concealing Pollock’s multiple conflicts-of-interest.

At the center of the criminal conspiracy was Deborah Pollock, the lead defendant in the case of *People of the State of New York v. Pollock et al.* Pollock will be sentenced on December 13, 2002, in New York County State Supreme Court, under two indictments: a 141-count indictment charging her and eight co-defendants with crimes including conspiracy, defrauding the government, grand larceny and filing false documents; and a second indictment charging her with tax fraud. Pollock’s sentencing, which was preceded by those of the other defendants, will bring to a successful conclusion a sweeping investigation, initiated by OWIG and conducted in collaboration with the New York State Attorney General’s Office and the New York City Department of Investigation, of the defendants’ fraudulent manipulation of the *Jiggetts* program.

OWIG found that Pollock, while she was working for HRA’s commissioner as a consultant, arranged to send falsified applications to the State for *Jiggetts* grants, thereby causing HRA to double the rent it was paying to a group of South Bronx landlords, of which Pollock was secretly a member through her ownership of two apartment buildings. By falsifying applications to the State and also by manipulating a unit within HRA into issuing emergency “pre-*Jiggetts*” awards to members of Pollock’s group of landlords, the defendants stole, in total, more than \$300,000 over a two-year period.

Part One of this report presents an overview of the investigation on which the criminal cases were based.

The *Jiggetts* conspirators not only stole from the public; they forced families on welfare to endure unsafe and unacceptable housing conditions. Lodged in decrepit buildings replete with housing and building code violations, lacking resources to move easily in a tight housing market, and with little ability to take legal action against the owners of their sub-standard housing, tenants became pawns of landlords who sought to move them quickly into the *Jiggetts* system in order to double the rents that they—the landlords—could collect from the City. Scores of welfare tenants interviewed during this office’s investigation decried the state of their dilapidated apartments, where gaping holes in walls and ceilings, peeling paint, substantial water leaks, large growths of mold, exposed electrical wires and unreliable heat and hot water were commonly noticed. Part Two of this report describes the scope of violations in several of the apartment buildings owned by a group of South Bronx landlords and the inadequate results by City officials in having such violations cured, despite millions of public dollars paid to the owners. We

particularly note that in one of the buildings involved in the criminal case, an electrical fire occurred four months ago, causing the death of an eight-year old boy.

For its part, New York City's social services agency, HRA, which was most immediately responsible for protecting the material well-being of families on welfare, frequently pushed clients into *Jiggetts*, without adequately examining the merits of each case and the needs of the applicant. HRA's Rental Assistance Unit approved so-called "pre-*Jiggetts*" payments without even seeing the applications or verifying that they had been filed with the State. The head of the Rental Assistance Unit admitted that this practice was common when Pollock or her organization asked for money. Between 1998 and 2000 the Unit approved approximately three hundred requests from Pollock and her organization, Community Law Advocates (CLA), for "pre-*Jiggetts*" grants, at a cost of more than \$612,000. Part Three of the report summarizes mismanagement within the Rental Assistance Unit.

Part Four presents the findings of OWIG's separate investigation into Pollock's attempt to illegally obtain a \$1.1 million contract from HRA for her organization, CLA, by leveraging her relationship with HRA's commissioner, Jason Turner, who had appointed her as his consultant and then nominated her to be his deputy commissioner. Pollock's organization was steadily advancing towards the contract, until June of 2000, when the New York City Department of Investigation informed HRA that search warrants were about to be executed in their offices, in furtherance of our investigation of Pollock's thefts from the *Jiggetts* program. At City Hall's direction, HRA abruptly changed course and decided not to do business with CLA. We present a record of Pollock's attempt to illegally obtain a contract and the blatant enabling of her glaring conflicts-of-interest by HRA's management, so that the City may take appropriate administrative action.

The report concludes with a set of recommendations.

1. A New York City official, her not-for-profit organization, and a group of slumlords in the South Bronx are convicted of stealing over \$300,000 from an emergency rental assistance program for welfare families

In September 1998, Deborah Pollock, a Housing Court expert working for the Legal Aid Society in an office within Bronx Housing Court, left Legal Aid to open a not-for-profit organization called Community Law Advocates (CLA), with offices near the courthouse. Pollock sought requisite approvals from the State and Legal Aid before officially opening CLA so that it could represent tenants applying for the *Jiggetts* program. During her discussions with the State and Legal Aid earlier that year, Pollock promised them that CLA would be dedicated solely to representing poor tenants with housing problems. As a condition for the State's and Legal Aid's approvals, she explicitly agreed not to accept any funding from landlords, in order to avoid a conflict with this duty.

The reasons for a prohibition on landlord funding were clear. Before becoming eligible for *Jiggetts*, the head of a household receiving public assistance had to demonstrate that

she or he was being sued in Housing Court by her landlord for back rent. In responding to the suit, the tenant could contest the amount of arrears alleged by the landlord and, in buildings with hazardous conditions, the tenant could offer legally acceptable reasons for having withheld rent. Indeed, the *Jiggetts* application specifically required the preparer to certify that there were no affirmative defenses, such as hazardous conditions, to the landlord's suit. Furthermore, tenants being sued in Housing Court had no right to legal representation and, in practice, almost always appear *pro se* in court. By contrast, landlord corporations have the advantage of being represented by counsel. Therefore, in the adversarial arena of Housing Court, dual representation by a *Jiggetts* organization of landlords and the tenants whom they were seeking to evict would inevitably have created at least the appearance of a fundamental conflict-of-interest.

During her meetings with the State and Legal Aid, Pollock concealed that she had already agreed to use CLA to represent the interests of a group of landlords, the Palazzolo Investment Group, which owned more than sixty-three old apartment buildings, mostly in the South Bronx. Pollock had arranged with the Palazzolo Group to submit, ostensibly in the names of their tenants receiving public assistance, *Jiggetts* applications that contained fabricated Housing Court documents. Pollock also did not disclose that she had become a member of the Palazzolo Group, having purchased a fifty percent interest in two of the Group's apartment buildings—and becoming the landlord of the buildings' many welfare tenants. Pollock's buildings were located at 974 Sheridan Avenue and 1819 Weeks Avenue in the Bronx. She shared office space at the Group's headquarters in Scarsdale, Westchester County. Pollock further omitted in her conversations with the State and Legal Aid that she had arranged to collect kickbacks from Palazzolo Group landlords for whom she obtained *Jiggetts* payments. The kickbacks typically were calculated at ten percent of the rent arrears that HRA, after Pollock's intervention, paid to the landlords.

Had Pollock revealed any one of these arrangements to the State or Legal Aid, CLA would not have been allowed to participate in the *Jiggetts* program. The two agencies, deceived by Pollock, separately gave their approvals, and CLA opened its doors in September 1998.

The investigation identified at least sixty-nine falsified *Jiggetts* applications that Pollock and her assistant at CLA, Marla Lopez, filed with the State.

The State's *Jiggetts* applications required proof that the applicant was threatened with imminent eviction in Housing Court. Among the documents required to prove impending eviction was a copy of the Housing Court complaint, showing that the tenant owed back rent. In addition, the State mandated that the organization submitting the application for the tenant interview the tenant to verify whether there were arrears; if so, how much; and whether the tenant had any legitimate reason for not paying the rent, such as poor conditions in the apartment.

For the Palazzolo Group landlords, including Pollock, *Jiggetts* made a huge difference in their bottom line. Once a tenant was placed on *Jiggetts*, the landlord was virtually guaranteed a steady stream of monthly checks from HRA, in an amount approximately

double what HRA had been paying before. The following chart illustrates how *Jiggetts* increased HRA’s basic monthly shelter grants to families on public assistance.

Household size	Basic shelter grant	Jiggetts grant	Total
2	\$250	\$300	\$550
3	\$286	\$364	\$650
4	\$312	\$388	\$700
5	\$337	\$388	\$725

But Housing Court was an obstacle for landlords hoping to have their tenants placed on *Jiggetts*. The Court was slow, expensive, and there was no guarantee that landlords would prevail against their tenants. For example, a tenant could tell the judge that she was not paying rent because her apartment needed repairs, and the court could order that repairs be made. Cases could drag on for months without resolution, and attorneys had to be paid. Pollock, however, offered a fast, cheap and certain alternative. Trading on her reputation as an expert in *Jiggetts* and her connections to HRA officials, Pollock convinced the Group that she could bypass the Court.

The first stage in Pollock’s scheme was what came to be known as the “Debbie dispo.” Pollock told the Palazzolo landlords that they should no longer serve tenants with a Housing Court dispossession notice—called a “dispo” for short. Under proper procedures, a landlord would have to pay a process server to hand-deliver a dispossession notice to a tenant. The process server would then complete a written certification that the notice was properly served. Housing Court, on receipt of the certification and the notice, could then reasonably be assured that the tenant was told to appear in court to answer the landlord’s allegation of rental arrears. The plaintiff-landlord could then have a case commenced against the tenant, before a judge. In contrast, the “Debbie dispo” eliminated the process server. It eliminated notification to the tenant that she should appear in court. It eliminated Housing Court’s role in resolving disputes over rental arrears. The two functions of the “Debbie dispo” were to keep Palazzolo tenants away from Housing Court and to deceive New York State into believing that there were Housing Court cases threatening the eviction of the tenants.

Pollock instructed the landlords to create “Debbie dispos” and to bring them to CLA, where they were attached to *Jiggetts* applications and then submitted to the State. In completing the applications and attaching the fraudulent dispos, Pollock induced the State into believing that *Jiggetts* payments should be issued to the landlords.

This scheme reached an even lower level when the conspirators came to completely falsify the dispos. Originally, the landlords at least went to the clerk’s office at Housing Court to purchase index numbers for the dispos. Eventually, they avoided the time and expense of buying index numbers: they copied to the dispos index numbers of prior unrelated cases, and they even invented numbers that were never issued by the clerk’s office.

In this way, beginning in 1998 and continuing into 2000, Pollock, Lopez and CLA submitted numerous fraudulent *Jiggetts* applications to the State on behalf of Palazzolo

Group landlords. Of the sixty-nine falsified applications referenced in the indictment, eleven were for tenants in Pollock's own buildings. All sixty-nine applications contained disposs with falsified numbers or disposs that were never served on the tenants. All of the applications were fraudulent because there were no Housing Court cases threatening the tenants with eviction.

Most of the attached disposs were completely falsified, with fictitious Housing Court numbers. A smaller share of the falsified *Jiggetts* applications contained disposs with real index numbers issued by the court clerk. Almost all of these tenants never received notices of eviction. Without proper service of the dispossess notices, the landlords in these cases had no right to evict the tenants. It was, therefore, false for CLA's applications to assert, even in the few instances when index numbers had been purchased, that the tenants were threatened with *imminent* eviction.

Pollock, Lopez and CLA also certified in the applications to the State that they had met with the tenants and that there was no basis to contest the landlords' lawsuits. But in our interviews of most of the tenants named in the applications, we found that few knew Pollock, Lopez and CLA; and, of those few, fewer still were aware that Pollock or her organization had applied in their names for *Jiggetts* payments.

Approximately one-third of the money stolen by the defendants came through HRA's Rental Assistance Unit. The Rental Assistance Unit expedited emergency grants under *Jiggetts* applications, even authorizing the issuance of checks to landlords before the State received the applications. In many cases, Pollock and Lopez went directly to Anthony Imbo, the unit's head, and told him that they needed immediate emergency grants from HRA to cover tenants' rent arrears, or else the landlords would evict the tenants before the State could decide on the *Jiggetts* applications. Imbo granted their requests, without even verifying that *Jiggetts* applications were being filed. Imbo was not in a position to have refused Pollock's requests, if he had been inclined to do so, because HRA's Commissioner had hired Pollock in 1999 to become, in effect, Imbo's superior. Mismanagement at the Rental Assistance Unit is described further in Part Three of this report.

We determined that the defendants' scheme ultimately hurt the tenants whom Pollock and her organization were supposed to serve. Tenants, reduced to names on *Jiggetts* applications, were denied their day in court. They were prevented from contesting the alleged rent arrears and from arguing that their landlords should make needed repairs before *Jiggetts* increases were paid.

While OWIG was investigating CLA and other *Jiggetts* preparers, Pollock's scheme began to unravel. Counsel's Office at the State's Office of Temporary and Disability Assistance (OTDA), which was responsible for deciding *Jiggetts* applications, noticed that several applications submitted by CLA contained Housing Court documents with the same index number, 03338 of 1999, even though the parties and the dates of the suits were different. A redacted reproduction of four of the falsified notices of petition appears on the following page.

L & T NO. 03338 899

CIVIL COURT OF THE CITY OF NEW YORK
COUNTY OF THE BRONX HOUSING PART X

PALAZZOLO MGT CORP.
Petitioner (Landlord)

against
DA [redacted]
Respondent (Tenant)

1819 Weeks Avenue-Apt 41W
Bronx, New York 10452 X

A NOTICE OF PETITION-NON PAYMENT

03338 899

L & T NO.

CIVIL COURT OF THE CITY OF NEW YORK
COUNTY OF THE BRONX HOUSING PART X

PALAZZOLO MGT CORP.
Petitioner (Landlord)

against
AB [redacted]
Respondent (Tenant)

1819 Weeks Avenue-Apt 21W
Bronx, New York 10452 X

03338 899

L & T NO.

CIVIL COURT OF THE CITY OF NEW YORK
COUNTY OF THE BRONX HOUSING PART X

PALAZZOLO MGT CORP.
Petitioner (Landlord)

against
LA [redacted]
Respondent (Tenant)

974 SHERIDAN AVE.- Apt 3B
Bronx, New York 10456 X

A NOTICE OF PETITION-NON PAYMENT

03338 899

L & T NO.

CIVIL COURT OF THE CITY OF NEW YORK
COUNTY OF THE BRONX HOUSING PART X

PALAZZOLO MGT CORP.
Petitioner (Landlord)

against
L [redacted]
Respondent (Tenant)

974 SHERIDAN AVE.- Apt. 6F
Bronx, New York 10456 X

Pollock's sentencing is scheduled for December 13, 2002 in New York State Supreme Court. Eight other defendants have already been sentenced, including Marla Lopez, who was Pollock's assistant at CLA, and Eric Gladstein, who was a landlord in the Palazzolo Group. A total of \$41,000 in restitution has been ordered thus far. Lopez, who at the time of her arrest had left CLA to work for HRA as a fraud investigator, was fired by HRA. CLA has been closed since July 2000, after OTDA prohibited it from processing *Jiggetts* applications. Pollock has remained a landlord of her two buildings in the South Bronx, but she is no longer eligible to collect rental payments from HRA.

2. HRA policy does not require landlords to cure serious housing and building code violations

The criminal case against Pollock and her co-conspirators charged a theft of over \$300,000 in public funds issued by HRA to landlords, including Pollock, on behalf of almost seventy welfare clients. The figures of seventy clients and \$300,000 are substantial, but they represent only a small fraction of all the welfare clients in Palazzolo Investment Group buildings and of all the funds that HRA has given to these and other landlords in the Group. Between September 1998 and December 2000, which was the main period of OWIG's investigation, HRA paid to members of the Group more than \$11.3 million in shelter allowances and *Jiggetts* supplements for thousands of recipients of public assistance in just a portion of the Group's Bronx apartment buildings.² In Pollock's two buildings alone HRA paid almost half a million dollars during that period.

² The State calculated this total for fifty-nine of the Group's buildings, in which there was a total of 1,388 welfare cases. Since an HRA "case" comprises all eligible members of a family, and most cases consist of

Questions beg to be answered about government's investment in paying these rents and the rents of all the families on public assistance in New York City—the cost of which exceeded half a billion dollars in the last fiscal year. What was the quality of the housing that HRA paid for? Was it safe and suitable for families with children? What efforts have social services officials made to promote the quality of their clients' housing? How effective have those efforts been? Information that we gathered about the Palazzolo Investment Group offers disturbing answers to these questions.

At least 15,700 violations were filed against the Group's Bronx buildings by the New York City Department of Housing Preservation and Development (HPD) during the period of our investigation. Over 3,500 of these violations were class C, the most serious. In addition, there were over seven hundred violations separately issued by the New York City Department of Buildings for these properties.³

At 3569 Dekalb Avenue, for example, whose owner was Eric Gladstein, a defendant in the *Jiggetts* case discussed in Part One, there were at the time of this writing 499 HPD violations, 103 of which were class C. Structural defects were noted by the Buildings Department. Inspectors found that one apartment's "ceiling was in danger of collapsing and floors and partitions are separating throughout the apartment."⁴ Another apartment had a five-foot by three-foot hole in the bathroom ceiling, exposing the floor joists of the apartment above.⁵ Floors were described as "slanting and separating."⁶ Yet another apartment's "structural stability [was] in question due to rotten floor beams."⁷ Gladstein was fined for these and other violations, but never paid. Nevertheless, between September 1998 and December 2000, he collected more than \$500,000 in rental payments from HRA for this building.

On August 6, 2002, at 11:31 PM, a fire started in electrical cable behind a wall in a first floor apartment at 3569 Dekalb Avenue, causing the death of an eight-year-old child, Jashawn Parker. Seeking refuge from the fire by immersing himself in a bathtub, Jashawn suffered cardiac arrest, induced by smoke. His brother, Paul Jr., age fourteen, survived by fleeing the burning apartment, but received burns over forty percent of his body. That night, the Fire Department found a dozen violations in the building, including no smoke detectors in the Parkers' apartment.

families with children, it is fair to conclude that the number of clients significantly exceeded the number of cases. We have been reliably informed that the number of the Palazzolo Group's holdings is significantly greater than the sixty-three that are identified in this report.

³ HPD investigates complaints from tenants in privately owned buildings regarding the lack of essential services, such as heat and hot water. Its inspectors can issue violations of the City's Housing Maintenance Code and the State's Multiple Dwelling Law. The Buildings Department enforces the City's Building Code.

⁴ Violation 34289203L.

⁵ Violation 34271109J.

⁶ Violation 2038797.

⁷ Violation 2048244.

The landlord and the City were aware of unsafe conditions at 3569 Dekalb Avenue more than a year before the fire, but they did not correct them.⁸ On May 15, 2001, HPD initiated a proceeding in Bronx Housing Court against the building's corporate owner, Quest Property, for the purpose of having a public administrator appointed to assume its management and to make needed repairs. (Quest Property was one of the corporate defendants in the criminal case summarized in Part One of this report.) On March 5, 2002, the last court date before the fire, Quest agreed to cure all the class C violations within thirty days, and the other violations within no more than ninety days. The violations were not removed as promised, but there was no further court action until October 10, 2002, almost two months after the fatal fire. On that date, HPD again asked for the appointment of an administrator, contending that Quest had not made repairs, in particular those involving the premises' electrical wiring. A trial ensued. HPD presented evidence to the court that the electrical violations included: use of thirty-ampere fuses in a fuse box that required fuses of no more than fifteen-amperes; overheating in the fuse box, which was treated by having a fan circulate air onto it; brittle electrical wires; rusty electrical cables; and the use of extension wires where armored cables should have been installed. On November 8, 2002, almost a year and one-half after the case began, Housing Court ruled against Quest and ordered the appointment of an administrator.

A profile of violations in the two South Bronx apartment buildings that Pollock has owned since 1998 further illustrates unsafe housing conditions that welfare families have endured. One of the properties, located at 974 Sheridan Avenue, a six-story building with forty-eight units, had 421 HPD violations, with 97 of the violations in the most serious C class. Walking into the building, one HPD inspector noted a "cascading water leak at the vestibule ceiling [in the] public hall."⁹ Stairs in the hall were broken.¹⁰ The vestibule had a "broken fire-retarding ceiling."¹¹ Access to the boiler room was blocked.¹² Inside the apartments, violations were issued for lead paint, water leaks, and broken or missing plaster. Apartment 6F had peeling lead paint in the kitchen, foyer, and two other rooms. Apartment 2D had seven separate water leaks in the kitchen and bathroom ceilings, along with broken plaster throughout. Apartment 1C was overrun by mold and mildew.¹³ Apartment 2G lacked adequate heat and hot water.¹⁴ Apartment 5H was infested with rats.¹⁵ Other violations were noticed on every floor.

Inspectors from the Buildings Department separately found problems throughout 974 Sheridan Avenue, including nineteen violations of the building code. The elevator was malfunctioning on ten different occasions between 1992 and 2001. On December 11, 2001, Pollock was cited for not maintaining the building's exterior wall and for the chimney's having collapsed into the rear courtyard.

⁸ Following his guilty plea early this year in the *Jiggetts* case, Gladstein sold his interest in 3569 DeKalb to another member of the Palazzolo Group.

⁹ HPD violation 4154718.

¹⁰ HPD violation 4227194.

¹¹ HPD violation 4154720.

¹² HPD violation 3739806.

¹³ HPD violation 3770052.

¹⁴ HPD violations 3706421 and 3706425.

¹⁵ HPD violation 3570270.

Pollock's other building, at 1819 Weeks Avenue, with twenty-nine apartment units on five floors, was cited for 563 HPD violations, 133 of which were class C, during the period of our investigation. HPD noted problems in apartment 52N several times: rats, broken plaster, mold and mildew, no electricity, and lead paint. HPD inspectors issued a total of forty-seven violations for peeling lead paint throughout the building. Other hazards cited by HPD were defective plaster (eighteen violations), infestation by rats and rodents (five violations), not enough heat (six violations), and not enough hot water (seven violations). Buildings inspectors found sinking or sagging floors inside apartments 21S, 22N, 31N, 43N and 43S.

Despite all the violations in Pollock's buildings and in other buildings belonging to the Palazzolo Group, HRA has continued to heavily subsidize their operation. City officials informed us that, although violations issued by HPD and the Buildings Department should promptly be cured, they frequently are not. The City can seek court orders to compel compliance or, in extreme cases, can have repairs done on its own initiative, with costs charged to the owners. However, these remedies are not the norm. Unresolved violations most typically can become an issue when a property is about to be sold. Nevertheless, the head of the Palazzolo Group, Frank Palazzolo, has been able to purchase scores of properties with violations and then sell them to his associates. We attempted to interview Palazzolo about his business dealings, but he declined to answer our questions.

State law allows the government, and welfare tenants as well, to withhold shelter payments from owners of properties with hazardous violations. However, we have been informed that the City has not utilized this statute because of a scarcity of low-income housing and the disruption that might be caused by forcing tenants to move.¹⁶

HPD and Buildings Department violations currently on file against sixty-three buildings owned by members of the Palazzolo Group are summarized in a table beginning on the next page. There is a grand total of 17,671 violations against these buildings. Of the 17,209 HPD violations, 3,917 are of the most serious class C type. Several of the corporate ownerships have changed since our investigation began. For example, Pollock's two buildings are now owned through New Start Management.¹⁷

¹⁶ See, New York State Social Services Law, section 143-b, known as the Spiegel Act. "A landlord shall not be entitled to an order or judgment awarding him possession of the premises or providing for removal of the tenant, or to a money judgment against the tenant, on the basis of non-payment of rent for any period during which there was outstanding any violation of law relating to dangerous or hazardous conditions or conditions detrimental to life or health." *Id.* sec. 143-b(5)(b). Once a defense of non-payment under the Spiegel Act is raised, an eviction proceeding can be stayed until repairs have been made.

¹⁷ Information about the violations was obtained from the public web sites of HPD and the Buildings Department.

Sixty-three Palazzolo Group buildings and their violations

Building address	Corporate owner	HPD viol.	DOB viol.	Total
3044 Albany Crescent	Palazzolo Realty	106	5	111
2321 Andrews Avenue North	New Line	295	6	301
2110 Arthur Avenue	CPR	223	3	226
2706 Bainbridge Avenue	Palazzolo Realty	192	4	196
4303 Baychester Avenue	Quest	127	7	134
1526 Beach Avenue	Palazzolo Properties	59	3	62
1530 Beach Avenue	CPR	231	10	241
2409 Beaumont Avenue	NAL Realty	83	3	86
2414 Beaumont Avenue	Palazzolo Properties	25	6	31
735 Bryant Avenue	Palazzolo Holding	479	33	512
828 Courtlandt Avenue	Palazzolo Holding	144	9	153
2350 Creston Avenue	2350 Associates	199	2	201
2254 Crotona Avenue	Loran	196	3	199
3569 Dekalb Avenue	Quest	497	7	504
465 East 167 Street	Pipe Dreams Realty	569	4	573
1585 East 172 Street	Nexstp	202	2	204
1589 East 172 Street	Nexstp	216	9	225
907 East 173 Street	Palazzolo Realty	283	6	289
806 East 175 Street	FJF Management	448	3	451
422 East 178 Street	Loran	86	7	93
505 East 178 Street	Quest	166	6	172
745 East 178 Street	New Line	504	8	512
983 East 181 Street	Quest	289	9	298
304 East 183 Street	Palazzolo Realty	143	8	151
615 East 189 Street	CPR	203	8	211
1141 Elder Avenue	New Line	492	8	500
1008 Garrison Avenue	NAL Realty	235	7	242
1055 Grand Concourse	New Line	365	8	373
1512 Leland Avenue	Loran	181	4	185
1516 Leland Avenue	Loran	144	8	152
1520 Leland Avenue	Loran	185	5	190
1524 Leland Avenue	Loran	104	10	114
2356 Lorillard Place	Palazzolo Realty	18	6	24
621 Manida Street	Nexstp	522	7	529
625 Manida Street	Nexstp	395	7	402
2265 Morris Avenue	Pipe Dreams Realty	360	6	366
2271 Morris Avenue	Palazzolo Holding	146	4	150
4289 Park Avenue	Loran	65	3	68
4293 Park Avenue	Loran	173	5	178
4301 Park Avenue	Loran	41	7	48
1328 Plimpton Avenue	CPR	365	7	372
1129 St. Lawrence Avenue	Loran	138	6	144
1515 Selwyn Avenue	FJF Management	304	3	307
974 Sheridan Avenue	New Start Management	421	19	440
1221 Sheridan Avenue	Pipe Dreams Realty	898	3	901

1225 Sheridan Avenue	Pipe Dreams Realty	508	2	510
1040 Stratford Avenue	WDJ Realty	450	3	453
1268 Stratford Avenue	Nexstp	274	18	292
1527 Taylor Avenue	CPR	388	4	392
1531 Taylor Avenue	CPR	403	1	404
1535 Taylor Avenue	New Line	328	14	342
1350 University Avenue	Nexstp	239	4	243
1636 University Avenue	Nexstp	532	7	539
1910 University Avenue	Palazzolo Properties	200	4	204
2205 Walton Avenue	New Line	238	11	249
2315 Walton Avenue	New Line	182	19	201
2268 Washington Avenue	New Line	168	8	176
2334 Washington Avenue	New Line	59	7	66
1068 Ward Avenue	Quest	187	6	193
1819 Weeks Avenue	New Start Management	563	10	573
208 West Fordham Road	Palazzolo Holding	77	3	80
15 West Mosholu Pkwy North	CPR	533	4	537
1030 Woodycrest Avenue	Palazzolo Holding	363	33	396
Grand totals of violations		17,209	462	17,671

3. Mismanagement by HRA’s Rental Assistance Unit in approving “pre-*Jiggetts*” payments to Palazzolo Group landlords

OWIG uncovered pervasive mismanagement of *Jiggetts* by a small unit within HRA. This unit, called the Rental Assistance Unit (RAU), was based at HRA’s headquarters in Manhattan, and had satellite offices in the City’s Housing Courts.

Approximately one-third of the *Jiggetts* funds stolen by Pollock and her co-defendants came from HRA payments that an RAU supervisor, Anthony Imbo, authorized, based on false representations made to him by Pollock and her assistant, Marla Lopez, that *Jiggetts*-eligible tenants were about to be evicted before the State could decide on their applications. In fact, as Pollock knew, those tenants cited in the indictment were not in danger of being evicted: Housing Court cases either did not exist or had not proceeded beyond the mere purchase of index numbers. Imbo stated that he regularly approved so-called emergency requests from Pollock and Lopez for what he termed “pre-*Jiggetts*” payments, made in anticipation of the State’s eventually approving the tenants’ applications. Imbo attempted to explain that, in approving the payments, he relied upon a reputation for integrity that he considered Pollock and Lopez to have, and that he did not believe it was necessary to verify whether Pollock had filed *Jiggetts* applications, corresponding to the pre-*Jiggetts* requests, with Albany. Had he or his staff attempted to do so, they would have found that in many instances applications were never filed or that the State had rejected them.

The RAU files that we reviewed revealed many cases, in addition to those cited in the Pollock indictment, in which Imbo, at CLA’s request, authorized advance payments to

landlords for tenants whose *Jiggetts* applications were pending with the State or were subsequently filed with the State. Imbo approved, in total, almost three hundred requests from CLA for *Jiggetts* pre-approvals between 1998 and 2000, at a cost of more than \$612,000. Pollock collected fifteen awards for her tenants, at a cost of \$27,714. Although the average award exceeded \$2,000, and at least ten exceeded \$5,000, we rarely found any documentation in the RAU's files to support Imbo's decisions, other than his approval letters.

Interviews with Imbo's staff established that Pollock had unparalleled access to the RAU. Pollock's access might have been due in part to the long-standing friendship between Pollock and Imbo. But Imbo, a career civil servant, had many friendships with members of tenant-advocate groups, who were not given access and funding comparable to Pollock's. The real basis of Pollock's influence at the RAU, as Imbo conceded, was her influence with HRA's commissioner, Jason Turner. Turner institutionalized Pollock's authority by appointing her to be one of his most senior advisors in Imbo's area of responsibility, namely, preventing evictions of HRA clients from their apartments. Through this appointment, Pollock took command of the RAU, which fell directly within the scope of her new duties.¹⁸

In early 1999, Turner, through his deputy commissioners Mark Hoover and Ilene Marcus, awarded Pollock two successive non-competitive contracts, each for \$10,000, to develop a program of early intervention into rental arrears of HRA clients. Witnesses described for us meetings about this program, attended by Turner, Pollock, Imbo and other governmental employees, in which Pollock was identified as the commissioner's expert, as well as the head of CLA and a landlord. Then, in early 2000, Turner nominated Pollock to become the new deputy commissioner for new initiatives, replacing Marcus, and he told his staff that she had begun acting in that capacity while formal approval from City Hall was pending. (After leaving HRA, Marcus became a member of CLA's board of directors.)

We found no evidence that any concern was expressed by Turner or other HRA officials about the obvious potential for conflicts-of-interest arising from Pollock's roles as an ostensible advocate for tenants, as a landlord of buildings housing welfare clients, and as a policy-maker for HRA. No request was made to the City's Conflicts-of-Interest Board for guidance about how appropriately to structure Pollock's governmental duties in order to avoid the appearance and the occurrence of conflicts. Turner noted in one memorandum to his staff that Pollock was taking a leave of absence from CLA, but the leave was patently fictitious. Pollock flagrantly continued to work at CLA's offices throughout her year and one-half with HRA. When we eventually interviewed Turner, he professed to have no specific knowledge or recollection about how, if at all, he had addressed this glaring set of issues.

¹⁸ There was no evidence that Imbo, or any HRA employee, sought or received a financial benefit for working with Pollock. Imbo and his immediate supervisor, Mark Glickson, were fully cooperative with OWIG throughout the investigation and trial. HRA put Imbo in the untenable position of deciding upon pre-*Jiggetts* requests made to him by or on behalf of Pollock, in her capacity as head of CLA.

The RAU made no effort to review Pollock's and CLA's requests by standard, objective criteria. The most basic criterion would have required submission to the RAU of a copy of a completed *Jiggetts* application for each request, but even this was not done. In general, the RAU lacked uniform policies or procedures to guide staff's decisions, except for the requirement of a computer check with HRA's database to verify the existence of a welfare case for each applicant.¹⁹ Lacking standards, the RAU was subject to the whims of HRA's executives. According to Imbo, some HRA administrations encouraged RAU awards and, in response, Imbo and his staff were generous in granting requests for assistance; in other administrations, such as Turner's, awards generally were discouraged, except for a very few favored organizations, such as CLA. Thus, Imbo estimated that he granted about ninety percent of CLA's requests for RAU awards, in contrast to a general approval rate of approximately fifty percent. In general, RAU awards have varied widely from year to year, between twelve and eighteen million dollars annually, depending on the person occupying the commissioner's chair.

The legal authority of the RAU to issue pre-*Jiggetts* awards has itself been a matter of debate. HRA officials insisted that the State, which supervises *Jiggetts* approvals, allowed HRA to make such awards in recognition of a local need to act swiftly in order to prevent and to rescind evictions. These officials noted that the State's *Jiggetts* processing unit, which was transferred several years ago from New York City to Albany, was chronically understaffed and slow in reviewing applications. State officials responded that *Jiggetts* payments could only be characterized as such once the State found an applicant eligible, and that payments made by HRA in anticipation of a possibly favorable decision by the State were, at best, premature and, at worst, improper.

4. Subversion of HRA's contracting procedures by Pollock and CLA, in an attempt to win a \$1.1 million contract from the agency

Pollock has admitted that, in starting CLA, her goal was to secure through CLA one or more lucrative contracts with the City or the State. In pursuit of this objective, she attempted to corrupt HRA's contracting process by submitting patently false documents to HRA's contracting unit in support of a bid from CLA for a \$1.1 million contract with HRA. We found that CLA was steadily advancing towards an award of this contract when, in the Spring of 2000, City officials were informed by the Department of Investigation, without the prior knowledge or approval of this office, that Pollock and CLA were the subjects of a criminal investigation into theft from the *Jiggetts* program. Without being informed of the impending contract award to CLA, the Attorney General's Office and this agency conducted searches at Pollock's offices at HRA's Manhattan headquarters, at CLA in the Bronx, and at the Palazzolo Group's offices in Scarsdale. Shortly after the execution of the search warrants, HRA notified CLA that it would not proceed with the contract.

¹⁹ The RAU also had authority to issue emergency "one-shot" grants to certain needy individuals and families not collecting public assistance. See, New York State Social Services Law section 131-w.

Pollock's initial contact with the State occurred in 1998. The contact was brokered by Kalman Finkel, who, at the time, was a commissioner of the New York City Housing Authority and, before that, the head of the civil division of the Legal Aid Society. Pollock asked the State to approve CLA to process *Jiggetts* applications. She also asked whether her organization could bid on any state contracts. She faxed to the state's representative a copy of the proposal for anti-eviction services that she had unsuccessfully submitted to HRA. In this proposal, Pollock discussed the need for finding less-costly alternatives to *Jiggetts*, and she proposed negotiating directly with landlords in order to reduce their claims to HRA for rent arrears incurred by welfare tenants. The State responded that it was not issuing contracts in this area.

Pollock persisted in seeking a contract with HRA. In mid-to-late 1998, she attempted—again through Finkel—to meet with Jason Turner, but instead was directed to Turner's First Deputy Commissioner, Mark Hoover. She met with Hoover, but without results. Soon afterwards, Pollock, having learned that Turner would be attending a meeting at Bronx Housing Court, where HRA staff had a satellite office, approached Turner in the courthouse. She presented to him her ideas about limiting both *Jiggetts* and the role of one of Turner's legal adversaries, the Legal Aid Society, which had filed numerous lawsuits against HRA over the years.

By early 1999, Pollock's ideas about *Jiggetts* had been incorporated into one of Turner's initiatives, the Rent Arrears Alert Program (RAA). RAA was designed to identify welfare clients with rent arrears, before eviction became imminent and, therefore, before *Jiggetts* would become necessary. Clients so identified would be interviewed by trained HRA staff, who would seek to find private sources of funds to cover the arrears (e.g., family or friends) and to negotiate with landlords to settle the arrears with a reduced sum. Turner hired Pollock as a consultant to design and manage RAA. Two senior managers at HRA, Mark Glickson and Anthony Imbo, were assigned by Turner and his executive staff to assist Pollock.

In July 1999, while Pollock was working as Turner's consultant, CLA filed a lawsuit in federal district court against him and the City of New York, contending that HRA was violating federal and state law by extending a group of contracts for anti-eviction legal services for poor people, without soliciting new bids upon the expiration of the contract periods. HRA was funding these contracts at an annual cost of \$10.8 million. Earlier that year, Turner had attempted to terminate the contracts, but the New York City Council directed HRA to continue them. The single largest contractor in the group was the Legal Aid Society.

Within a few weeks, Turner settled the suit, agreeing to open a bidding process and to pay the costs of CLA's attorney. Pollock told us that Turner solicited the suit in part to negotiate contractual terms more favorable to HRA, in particular to prohibit Legal Aid from participating in suits against HRA. The circumstances support a characterization that the suit was at least welcomed by HRA: Turner, despite a reputation for being litigious, rapidly conceded, and Pollock's already-close relationship with him blossomed, as he then promoted her within the agency.

Once HRA settled the suit, it opened negotiations with Legal Aid regarding the terms to be included in the request for proposals for contracts that HRA, in settling CLA's suit, had agreed to issue publicly. At Turner's direction, Pollock regularly advised HRA's negotiating team on strategy against Legal Aid, her former employer. Her involvement in the negotiations was concealed from Legal Aid. HRA's negotiators told us that they were unaware of Pollock's intention to bid on a contract whose terms she was directly helping them determine.

In November 1999, HRA issued a request for proposals, stating in part,

“HRA is seeking qualified not-for-profit and for-profit legal services organizations to provide a comprehensive array of legal and support services to help assure that low income and public assistance families remain in their homes and out of the shelter system. Contractors will provide legal representation in order to prevent the eviction of clients.”

CLA submitted its proposal on February 9, 2000. It was the only new bidder.

Pollock's name did not appear in CLA's bid. Had it appeared, and had Pollock truthfully been identified as CLA's executive director, the bid should have been refused as a direct conflict-of-interest, because she was a high-level policy-maker at HRA.²⁰

On January 7, 2000, following the completion of Pollock's consultancy in 1999 for the Rent Arrears Alert Program, Turner notified his executive staff in writing that Pollock had joined HRA as a “full-time consultant.” A month later, Turner elevated Pollock even higher, introducing her at a meeting of his executive staff as the agency's nominee to become deputy commissioner for new initiatives. Turner offered inconsistent explanations of Pollock's relationship with CLA, however. In his January memorandum, he wrote that “she recently left her former organization,” but, in a letter of February 22, 2000 to the mayor's chief of staff, he described her “*current* position” as “founder and director of Community Law Advocates.”²¹

We established that Pollock never ceased managing CLA as its executive director while she was working for HRA. HRA officials admitted knowing this. Two sources, one of whom was Pollock herself, informed us that Turner was told that Pollock was still managing CLA. Turner's telephone logs show that he and Pollock had frequent contact during this period. At the very least, Turner failed to inquire from those on his staff who had regular contact with Pollock whether she had truly severed her ties with CLA.

²⁰ In its request for bids, HRA noted that all of the clients served under the contract would have to be referred to HRA's Rental Assistance Unit.

²¹ Italics added.

The bid that CLA submitted to HRA falsely identified Marla Lopez as CLA's director. The bid included two subcontractors: The Center for Governmental Research, which had offices in Rochester, New York, and in New York City, and The Center for the Community Interest, based in New York City. The subcontractors had no expertise relating to anti-eviction legal services for poor people. Their experience involved, respectively, academic studies of welfare reform, and advocating on quality-of-life issues, such as promoting local ordinances prohibiting panhandling. We found that prior to the bid's submission Turner met with at least one of the subcontractors. Pollock contended that Turner instructed her to include the organizations in CLA's bid; however, we could not corroborate this assertion.

In or around April 2000, a review board at HRA gave an unfavorable rating to CLA's bid. HRA's executive management overruled the reviewers. According to an internal HRA memorandum about the status of the bids from CLA and seven other organizations, CLA's bid was ranked lowest in quality—54.33, compared with the highest score, 90.66, won by the Legal Aid Society. CLA's low score was attributed to two factors: its never having performed a contract with the City, and its lack of legal staff for a contract calling for legal services. (Lopez, CLA's purported director, had only a paralegal certificate. Pollock, whom many at Bronx Housing Court believed was an attorney, briefly attended law school, but was never graduated.) The seven organizations ranked above CLA had bid for a total of 9,980 cases of the 10,000 that HRA was willing to fund—which would have left CLA with, at best, twenty cases, each generating approximately \$1,080 from HRA, for a total amount of no more than \$21,600. But, citing the "creativity" of CLA's proposal, the memo asserted that a "consensus" had developed that HRA should "look beyond the arithmetic scores." This "consensus" materialized when HRA's chief contracting officer met with Turner's first deputy, Mark Hoover. At the meeting, Hoover authorized the addition of 980 cases to the contract, precisely the number allowing CLA to capture the full 1,000 cases in its bid. HRA preliminarily accepted all eight bids, with the projected cost of the contracts growing from \$10.8 million to \$11.9 million.

HRA proceeded to negotiate with each of the bidders in order to reach agreement on details of the proposed contracts. In order to complete its bid, CLA and its subcontractors were required to submit "Vendor Information Exchange System" (Vendex) questionnaires about the organizations and their principals. (Vendex gathers into an electronic database information about the qualifications of persons and businesses that seek or obtain city contracts to provide goods or services.) The questionnaires submitted for Marla Lopez and for CLA were written mostly by Pollock, in her distinctive handwriting. Lopez was falsely characterized as president and treasurer of CLA. The organizational questionnaire for CLA failed to disclose, as requested, that Pollock had helped prepare the bid. CLA's questionnaire bore Lopez's notarized signature, but the attorney whose notary stamp appears next to the signature credibly insisted to us that he did not notarize it. Lopez's personal questionnaire was notarized by Patrice Santangelo, a member of the Palazzolo Group.

We concluded that HRA's executive staff, who knew of Pollock's four opposing interests—her continuing control of CLA, her business as a landlord of welfare clients,

her duties as Commissioner Turner’s advisor and appointee as deputy commissioner, and CLA’s bid for the HRA contract—did not inform HRA’s contracting unit of the conflicts fatally infecting CLA’s bid.

During negotiations with CLA’s representatives, a mid-level HRA employee, hearing that a member of CLA’s board, Ilene Marcus, had been employed by HRA as deputy commissioner for new initiatives, and that Pollock, who currently was working at HRA as Marcus’s replacement, had previously been CLA’s executive director, directed CLA to obtain an opinion from the New York City Conflicts of Interest Board on the question of whether CLA was eligible for the pending contract.²² CLA then sent a letter, dated June 1, 2000, to the Conflicts of Interest Board. Purporting to have been written by Lopez, the letter read, in part:

“We have been advised by HRA to request a waiver of the conflict of interest rules because one of our former board members [Marcus] was a Deputy HRA commissioner before she joined our board and our former executive director [Pollock] has done some consulting work for HRA.”

CLA’s letter falsely asserted that Pollock left the organization in February 1999. It identified CLA’s secretary as John Santangelo, but it notably failed to disclose that Santangelo was co-owner with Pollock of two South Bronx apartment buildings in which HRA (and CLA) clients were living. The presentation of materially false information to the Conflicts of Interest Board about Pollock’s continuing control of the organization and about her role as a policy-maker at HRA could only have been for the purpose of attempting to deceive the Conflicts Board into issuing an opinion that would allow CLA to cross the final hurdle to the anticipated contract.

The effect of the letter’s misinformation can only be conjectured. Three weeks later, we executed a search warrant at Pollock’s executive suite at HRA’s headquarters. CLA’s offices were also searched and its records seized. The search warrants were executed solely for the purpose of the *Jiggetts* investigation. At that point, unfortunately, City officials had not disclosed to us and the Attorney General’s Office that CLA had a lucrative bid pending with HRA. If the City had given us this information, the search warrants would have been delayed for the brief period remaining before HRA awarded the contracts, and Pollock’s other criminal conspiracy would likely have been completed. News of the searches circulated rapidly that day throughout HRA’s headquarters. Within the week, HRA, citing only a lack of funds, told CLA that it would not be awarded a contract.²³

²² The Conflicts of Interest Board is a city agency responsible for enforcing the City’s conflicts-of-interests law, contained in Chapter 68 of the New York City Charter.

²³ The Conflicts of Interest Board did not issue an opinion before the warrants were executed.

5. Recommendations

We make the following recommendations.

1. The City and the State must take appropriate administrative action against the wrongdoers identified in this report. All the defendants in the *Jiggetts* criminal cases, including Deborah Pollock, Marla Lopez and Eric Gladstein, as well as their corporations, should permanently be barred from any further business dealings, including employment, with the City and State. Our investigation established that the Palazzolo Investment Group was an integral part of the criminal defendants' scheme. Therefore, we recommend that all members of the Group that submitted fraudulent *Jiggetts* applications through Community Law Advocates be barred from receiving any more *Jiggetts* payments and that the City take appropriate action to recover payments illegally obtained.²⁴ We have referred to the New York City Conflicts-of-Interest Board the evidence involving CLA's improper bid for a \$1.1 million contract with HRA, so that the Board may determine whether any city employees violated the law and, if so, what penalties should be imposed.²⁵

2. In fiscal year 2001-02, HRA spent over half a billion dollars for rent and rent-related expenses of clients receiving public assistance. Nevertheless, HRA has not instituted effective and comprehensive measures to ensure that the housing it rents is safe and suitable for families with children.²⁶ Two other city agencies, the Department of Housing Preservation and Development and the Department of Buildings, share principal responsibility for monitoring housing conditions, but we saw no evidence that their efforts were coordinated with HRA. In contrast, the New York City Housing Authority, which administers federal subsidies for housing poor people, regularly inspects the condition of apartments that its clients lease. We believe that HRA should institute a similar system of inspections of buildings in which families receiving rental subsidies live, or it should utilize information already being gathered by HPD, the Buildings Department and the Fire Department. Since this task could be difficult to design and to implement city-wide, HRA might first conduct a pilot project. One fitting place to start would be the South Bronx, in particular, buildings owned by the Palazzolo Investment Group.

3. Although we have been informed that HRA's Rental Assistance Unit no longer issues "*Jiggetts* pre-approvals" or "pre-*Jiggetts*" grants, it still possesses considerable discretion in awarding emergency housing grants. Our investigation

²⁴ The State and the City have already barred several of the Palazzolo Group corporations from receiving *Jiggetts* payments.

²⁵ The City's prohibitions and penalties for conflicts-of-interest by public servants and supervisory officials are codified in Chapter 68 of the New York City charter, sections 2601ff. See also, the New York City Administrative Code section 12-110.

²⁶ Several years ago, HRA attorneys helped represent clients with housing problems in Housing Court—a practice that no longer exists. Those attorneys sought to compel landlords collecting rent checks from HRA to repair violations in their buildings.

found that the Unit's discretion was so unfettered, and its supply of funds so great, that it easily became a major source of Pollock's funds. Several workers in the Unit, along with its former chief, authorized payments with little or no supporting documentation. We recommend that HRA institute meaningful guidelines for decision-making by the Rental Assistance Unit and that there be adequate supervision to ensure that those guidelines are followed.

4. HRA, in consultation with the New York City Department of Investigation and the Conflicts of Interest Board, should ensure that all of HRA's consultants who have substantial discretion over policy-making or who direct public servants in their duties do not have conflicts-of-interest infecting the performance of their public duties.²⁷

²⁷ As a consultant from 1999 through June 2000 to HRA's commissioner, Pollock exercised considerable authority in formulating HRA policy and in directing the agency's public servants in the performance of their duties, despite numerous conflicts-of-interest. Nevertheless, HRA did not require Pollock to disclose her outside business interests and any possible conflicts. It was not until approximately the Spring of 2000, after Pollock had been nominated to become a deputy commissioner at HRA, that she finally was asked to submit information about her background to the Department of Investigation. At the point that Pollock left HRA, in late June of 2000, she had not provided any information to the Department of Investigation.

Acknowledgements and addendum

The investigation that provided the basis for this report was made possible, under the administration of then-Inspector General Paul Balukas, with the participation of:

- the Office of Eliot Spitzer, the New York State Attorney General, whose Criminal Prosecutions Bureau worked on the investigation and court cases, in particular, Deputy Attorney General Peter Pope, Bureau Chief Janet Cohn, Deputy Bureau Chief Zachary Weiss, Assistant Attorneys General Steven Nachman and Jane Drummey, and Confidential Investigator John Serrapica);
- Counsel's Office at the New York State Office of Temporary and Disability Assistance, in particular, Edward Iovinelli, Jr., Esq. and Clifton Tamsett, Esq.;
- the New York City Department of Investigation, in particular, Assistant Commissioner Steven Pasichow, Inspector General Gerard Hoey and Deputy Inspector General Joseph Caputo and their staff; and
- the New York City Housing Court for Bronx County.

OWIG's investigators assigned to the case included Special Counsel Andrew Weiss, Chief Investigator Robert Waters, Confidential Investigator Gabriel Camacho and Confidential Investigator David Hawkins.

OWIG's investigation was supervised by Executive Deputy Inspector General Sean Courtney, who wrote this report and, with Mr. Nachman and Ms. Drummey, co-prosecuted the criminal cases in New York Supreme Court.

A prior version of this report was issued early in 2002. The current version more closely follows the original draft prepared by Mr. Courtney.

We conclude by noting that this office has no record of receiving formal responses from responsible State and City officials to our findings and recommendations.