

HUD Inspector General Hid 14 Reports Of Corruption, Including Home Subsidies To Criminals And Fugitives

written by GEG | May 2, 2017



The Inspector General for the Department of Housing and Urban Development (HUD) hid 14 reports on serious corruption such as tax fraud and allowing 1,300 fugitives, including murderers and rapists, to live in HUD-funded homes. These reports were made public only when journalists from *Daily Caller* obtained them under a FOIA request. —GEG
EXCLUSIVE: HUD Watchdog Kept 14 Fraud Reports Hidden From Public

A government watchdog withheld at least 14 reports that revealed department-wide problems that allow fraud and waste at a cabinet-level agency, The Daily Caller News Foundation's (TheDCNF) Investigative Group has learned.

The reports **concern issues** plaguing the Department of Housing and Urban Development (HUD), including felons illegally living in federally-funded homes, tax fraud and millions of dollars sitting in unused bank accounts for years. The department's 2017 budget is \$48.9 billion and it has 8,375 employees.

The HUD Inspector General (IG) posted its **systemic implication reports** – documents that reveal opportunities for fraud in agency programs – to its website. A comparison between that listing and another TheDCNF previously obtained through a Freedom of Information Act (FOIA) request showed 14 reports from 2011 through 2014 were excluded from the IG's the website.

At least three of those reports were also kept from HUD, meaning top department officials may not even be aware of the problems and suggested remedies.

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One unreleased 2011 report revealed that 1,300 fugitives – including rapists and murderers – were illegally **living in HUD-funded homes**, and local authorities managing the properties refused to evict them, TheDCNF previously reported.

The 2011 report “should not have been released” to TheDCNF, according to IG spokesman Darryl Madden, who added that data on which it was based wasn’t valid. Yet the IG didn’t revisit the issue until Sen. Chuck Grassley **requested an update** in 2016. The IG was again **unable to determine** how many fugitives live in HUD-funded housing.

Grassley, the Iowa Republican who is chairman of the Senate Judiciary Committee, subsequently asked the **Government Accountability Office** (GAO) to conduct the analysis.

The IG withheld another 2011 report, this one about a rural Missouri town that had not spent \$78 million of federal tax dollars it was awarded in 2008 for disaster funds.

“There is also an apparent inability/unwillingness/no need to spend these funds,” the unpublished report said. “Considering the relatively small size of this area, it seems improbable that there is any unidentified need or opportunity eligible for the expenditure of these funds.”

“It seems unreasonable, given the current budgetary situation that funds with this type of designation can remain un-obligated for an indefinite period of time,” the report continued. “If \$78 million are available in a mostly rural area like Joplin, Missouri, there is a very good likelihood that similarly large pools are available [elsewhere] for recovery.”

The IG recommended that HUD establishes an annual review to identify such unspent funds. But there’s no guarantee the IG sent the report to HUD since it wasn’t released publicly, meaning the agency may be unaware of the problem and solution.

Open bank accounts holding unspent money is clearly an issue: The IG reported in 2014 that another HUD program **left its old grants open**, while a 2016 GAO review of other federal agencies found nearly \$1 billion sitting in **expired grant accounts**.

Additionally, the IG withheld at least two other reports from HUD in addition to its findings on fugitives, TheDCNF confirmed, further suggesting documents left off its website were never sent to the agency.

“A search of headquarters’ records by knowledgeable staff **failed to locate** any documents at headquarters that would be responsive to your request,” HUD FOIA officer Deborah R. Snowden wrote in a letter to TheDCNF.

TheDCNF had requested records about a 2012 IG report that found Florida residents living in HUD-funded housing, who claimed earned income tax credits on their tax returns but also reported having earned no income.

“When questioned regarding the discrepancy, the tenants report that they did not in fact receive income, and lied to the [IRS] in order to obtain a higher income tax return,” the report said. The IG recommended that HUD develop a way to handle tenants who provide false information and deal with tax return discrepancies.

TheDCNF received the report in the same release as the document regarding fugitives. It, too, was left off the IG's website.

Similarly, TheDCNF confirmed that HUD never received a 2012 IG report that found real estate agents who violated agency rules could not be quickly debarred or suspended.

Other reports kept off the IG's website found additional systemic issues, including a weak vetting process to verify loan applicants' identities, fraudsters exploiting easily-fixed loopholes to purchase discounted property, and manipulating taxes and debts to secure loans.

The IG only provided a partial explanation why reports were excluded from its website.

"We have posted a [public use file](#) of our ... reports to our FOIA Reading Room," a letter to TheDCNF said in response to a FOIA request. The letter explains that some information was redacted, and says the fugitives report was withheld because its data was "unreliable."

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