

October 06, 2021

Mr. Steven Banks  
Commissioner  
New York City Department of Social Services  
150 Greenwich Street  
New York, NY, 10007

Dear Commissioner Banks:

I am writing regarding the disturbing reports that surfaced over the weekend in *The New York Times*. The article entitled: "Housing Boss Earns \$1 Million to Run Shelters Despite a Troubled Past," details how Jack Brown III, Chief Executive Officer ("CEO") and founder, of the nonprofit organization, CORE Services Group ("CORE"), misappropriated millions of dollars designated by the City of New York ("the City") to operate homeless shelters for his own personal benefit.<sup>1</sup> As the head of the City agency charged with overseeing our shelter system and awarding these contracts, I am writing to you to inquire into this matter.

According to *The Times*, the City awarded more than \$352 million to Mr. Brown's non-profit, CORE, which Mr. Brown then directed into his for-profit companies—including a security guard company, a maintenance company, and a catering company.<sup>2</sup> As the head of each of these for-profit companies, Mr. Brown was able to compensate himself more than \$1 million per year.<sup>3</sup> Mr. Brown was further able to enrich himself by owning two real estate companies that rented buildings to CORE and was also able to funnel money to family members and close associates by hiring his mother, sister, brother, aunt, and niece as CORE employees.<sup>4</sup>

At the same time Mr. Brown and his relatives were personally benefiting from this scheme, residents of the homeless shelters run by CORE were reportedly left to live dire conditions and failed to receive many of the supportive services Mr. Brown's companies were contracted to provide.<sup>5</sup> For example, *The Times* reports residents of CORE's Beach House shelter in Queens were forced to live with vermin infestations, creeping mold, violent fights in the hallway, and were served moldy and undercooked food from Mr. Brown's catering company, Flavor Foods, which gave some of the residents stomach cramps and diarrhea.<sup>6</sup>

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<sup>1</sup> Harris, Amy Julia. "Housing Boss Earns \$1 Million to Run Shelters Despite a Troubled Past." *New York Times*. (October 3, 2021). [https://urldefense.com/v3/https://www.nytimes.com/2021/10/03/nyregion/jack-brown-homeless-nyc-core-services.html?!!Bg5easoyC-OII2vIEqY8mTBrtW-N4OJKAQ!ah5YqMzp60cM\\_H-tQA\\_JzxJ6r1a-d4yiVTN9I-jQGZDBrxnrQLORncdYpi0eijj9joN3nXo0\\$](https://urldefense.com/v3/https://www.nytimes.com/2021/10/03/nyregion/jack-brown-homeless-nyc-core-services.html?!!Bg5easoyC-OII2vIEqY8mTBrtW-N4OJKAQ!ah5YqMzp60cM_H-tQA_JzxJ6r1a-d4yiVTN9I-jQGZDBrxnrQLORncdYpi0eijj9joN3nXo0$)

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

Additionally, Bobby Brown, a Beach House resident, told *The Times* CORE staff informed him they would help him find a job and apply for permanent affordable housing, but he was forced to do most of the work himself, stating to *The Times*: “[t]hey don’t do nothing. And ain’t nobody holding them accountable.”<sup>7</sup>

As disappointing and alarming as these reports are, what is perhaps even more alarming is the revelation by *The Times* that the City seems to have known about Mr. Brown’s questionable past and financial entanglements since 2017 but has continued to pay CORE millions of dollars.<sup>8</sup>

Lack of proper oversight and responsibility of public money, unfortunately, seems to be a pattern and practice when it comes to the City’s shelter system. *The Times* story further reveals that the City has directed \$2.6 billion to nonprofits to operate homeless shelters, this year alone.<sup>9</sup> And many of these organizations are already on an internal City watch list because of financial problems and issues associated with conflicts of interest.<sup>10</sup>

Failure to properly manage public money puts a stain on our government institutions and erodes public trust. As the highest-ranking member from New York City on the Housing, Community Development, and Insurance subcommittee in the House of Representatives, with jurisdiction over all federal housing and homelessness matters, it is my duty to help provide proper oversight and accountability of public resources. **Therefore, please provide a written response to all of the following questions within thirty (30) days:**

- 1) Did any of the funds the New York City Department of Social Services (“DSS”) direct to CORE, or any entity associated with Mr. Brown, originate from a federal source?
  - 1a) If “YES,” please provide the federal program, including the federal agency or department, responsible for administering the money to DSS. Please also provide the exact dollar amount of federal money DSS directed to CORE or an entity associated with Mr. Brown.
- 2) As stated above, *The Times* reports that City officials have known about Mr. Brown’s financial entanglements since 2017 but continued to pay millions of dollars to CORE.
  - 2a) Please describe the application, vetting, and background investigation process DSS undertook before initially contracting with Mr. Brown to ensure public funds would be used for a proper purpose.

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<sup>7</sup> Harris, Amy Julia. “Housing Boss Earns \$1 Million to Run Shelters Despite a Troubled Past.” *New York Times*. (October 3, 2021). <https://urldefense.com/v3/https://www.nytimes.com/2021/10/03/nyregion/jack-brown-homeless-nyc-core-services.html> :!!Bg5easoyC-OII2vIEqY8mTBrtW-N4OJKAQ!ah5YqMzp60cM\_H-tQA\_JzxJ6r1a-d4yiVTN9I-jQGZDBrxnrQLORncdYpi0eijj9joN3nXo0\$

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

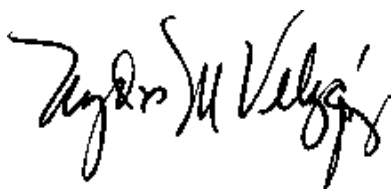
<sup>10</sup> *Id.*

- 2b) When flags were raised about CORE's spending in 2019,<sup>11</sup> what steps did DSS take to ensure public funds were not being mismanaged?
- 3) Considering the revelations made by *The Times*, is DSS planning to review its application, vetting, and background investigation process to ensure future non-profit organizations and executives seeking to contract with the DSS are properly investigated prior to receiving public funds?
- 3a) If "NO," please explain why the DSS is not planning to engage in this review.
- 4) According to *The Times*, last month, DSS instructed CORE to close the for-profit companies associated with Mr. Brown and fold their services into a charity.<sup>12</sup> Considering City officials' apparent knowledge of Mr. Brown's potential financial entanglements since 2017, why was this decision not made sooner?
- 5) As stated above, *The Times* article indicates that at least nine of 62 non-profit groups that run City homeless shelters are on an internal watch list.<sup>13</sup> What steps is DSS currently taking to ensure all 62 of these organizations are properly utilizing public funds? And what steps is DSS specifically taking with regards to the nine groups on the City's internal watch list to ensure they are properly utilizing public funds?

The allegations of fraud, mismanagement, and self-dealing highlighted by *The Times* are no doubt disturbing. But they are particularly disturbing given our city, state, and country are continuing to grapple with effects of a global pandemic and individuals living without basic shelter are at a particularly high risk of a coronavirus outbreak.

Thank you for your attention to this matter.

Sincerely Yours,



Nydia M. Velázquez  
Member of Congress

cc:

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<sup>11</sup> *Id.*

<sup>12</sup> Harris, Amy Julia. "Housing Boss Earns \$1 Million to Run Shelters Despite a Troubled Past." *New York Times*. (October 3, 2021). <https://urldefense.com/v3/https://www.nytimes.com/2021/10/03/nyregion/jack-brown-homeless-nyc-core-services.html> ;!!Bg5easoyC-OII2vIEqY8mTBrtW-N4OJKAQ!ah5YqMzpq60cM\_H-tQA\_JzxJ6r1a-d4yiVTN9I-jQGZDBrxnrQLORncdYpi0eijj9joN3nXo0\$

<sup>13</sup> *Id.*

Vicki Bean, Deputy Mayor, Housing & Economic Development, City of New York

Marcia Fudge, Secretary, United States Department of Housing and Urban Development

Rae Oliver Davis, Inspector General, United States Department of Housing and Urban Development