

ENCLOSED:

1. **October 1, 2009** **City Auditor Memo to Council Member Riley**
Regarding: Allissa Chambers & Questions raised about the federally-funded housing rehab program in regard to the City abandoned rehab project at 1702 E. 17th Street

2. **October 4, 2009** **Addendum from Clint Smith to CM Riley**
Regarding: WE DO NOT CONCUR – response to Auditor Memo of 10/01/09

3. **July 21 - Sept 17, 2009** **Supporting Attachments**



City of Austin

MEMO



Office of the City Auditor

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Date: October 1, 2009

To: Council Member Chris Riley

From: Jason Hadavi, Assistant City Auditor

A handwritten signature in blue ink that reads "J. Hadavi".

Subject: Allissa Chambers request

On August 17, 2009, you communicated allegations to our office concerning Ms. Allissa Chambers. Specifically, you provided background information and asked our office to answer the following questions:

- Did the City use taxpayer funds improperly by authorizing more expenses in legal fees than it could have covered under the original loan agreement?
- Did former Council Member Eric Mitchell act improperly when participating in discussions regarding Ms. Chambers' Community Development Block Grant (CDBG) loan?
- Did the City make payments to a contractor for work that was not completed on Ms. Chambers' house?
- Did elected officials act improperly by not responding to inquiries made by citizens for actions regarding these issues?

In order to address these questions, we attempted to collect data from City documents relating to Chambers' Community Development Block Grant (CDBG), contract information between the City of Austin and Josie Valdez (Owner of Valdez Remodeling), billing invoices from outside legal counsel, as well as citizen correspondence with former Council Member Eric Mitchell's office. The vast majority of the documentation requested was no longer available due to record retention policies.

In addition, we attempted to meet with Allissa Chambers to discuss these issues with her and allow her an opportunity to provide any additional information; however, Ms. Chambers declined to meet with our office and deferred all matters to Clint Smith of the local Gray Panthers Organization.

The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.

Addendum / Response to City of Austin Auditor Memo of Oct. 1, 2009 to Council Member Riley

October 4, 2009

City of Austin

- Council Member Riley
- City Auditor's Office

REGARDING:

Oct. 1, '09 Memo from City Auditor's Office to CM Riley: Re. Allissa Chambers/Family Questions

- I. Both Ms Chambers & I disagree w/the conclusions in the Auditor's Oct. 1 Memo to you: in fact, as reflected in the comments below - to a number of them we take strong exception!
- II. Therefore, please attach this communication in its *entirety* (attachments and links), as an Official Addendum {i.e., Matter of Record}, to the aforementioned memo & your transmittal.
- III. Overall, since so much of the following has been presented in one form or another, I'll attempt to focus on Core areas in which the Auditor's report fails/falls short in addressing issues raised (some critical), even by our answers supplied responding to his own questions:

For example:

1. The information which was requested by the City Auditor's office *was* provided and can be found Here by clicking on [this link to EVIDENTIARY DOCUMENTATION](#). **This link we provided to the auditor**, and we also informed the auditor that City Manager Marc Ott has had the hard copies for most of the documents listed on this link *in the City file -- as the documentation was provided to the City Manager August 10 & 22, 2008*.
2. Furthermore, we emphasized that we'd be more than happy to provide any additional documentation, once:
 - a. *The Auditor reviews and reports on the voluminous documentation / records, which has already been given to CoA repeatedly by Ms. Chambers; and*
 - b. provided the auditor can be **SPECIFIC** w/regard to what's still sought and/or needed.
3. The auditor alleges that the City records are no longer on file; however:
 - a. Ms. Chambers has been requesting investigation since 1997; presumably that's on record?
 - b. A civil case ensued as late as 2007; therefore records should be on file, as **required to keep related court documents/discovery for at least 5 years after the closing of a case.**
4. The **breach of contract** IS on file w/City of Austin; Ms. Chambers has provided it numerous times; and it (and several other pertinent documents can be located in the right hand column on this linked page of the A.L.M.A. website (as Ms. Chambers has repeatedly explained).
5. And HERE AGAIN is a copy of one of the **FORGED signatures** of Ms. Chambers

6. Here are even more documents that have been **previously and repeatedly supplied** to the City of Austin -- ALL are found on the website link previously and repeatedly provided to CoA; as well as in the CoA file provided to City Manager Marc Ott Aug 10 & 22, 2008.:
 - a. [List of Evidentiary Documentation](#)
 - b. [Austin Housing Finance Corporation \(AHFC\) Guidelines](#) (which specifies contractor debarment for breach of contract; abandonment of contract; other).
 - c. [Breach of Contract](#)
 - d. [Forgery](#)
 - e. [Consideration of referral to Travis County DA for possible perjury](#)
 - f. [TC District Attorney re. possibly **Fraudulent loan servicing documents and unaccounted for Federal Housing funds**](#)
 - g. [Fire Hazard: Private inspection -- electrician's report](#) countering and confirming that CoA's inspection & CoA's contractor's assertion that the Chambers home was rewired and passed inspection **IS FALSE/FRAUDULENT** (CoA contractor & CoA fraudulently billed Chambers for work that was NOT done).
 - h. [HUD Definition of Conflict of Interest](#) [i.e. CM Eric Mitchell (unbeknownst to Ms. Chambers) owned the insurance agency, which provided liability insurance to the CoA contractor; Chambers' project; and Austin Housing Finance Corporation -- while CM Mitchell also simultaneously advised Ms. Chambers to dissolve the contract and release the CoA AHFC contractor of any liability).
 - i. [Lead Paint Dust inspection *partial* report -- Hazardous waste contamination caused to Ms. Chambers home resulting from CoA & CoA's contractor's actions](#)

IV. In light of the above referenced voluminous amounts of documentation (even *more*) repeatedly provided - for the most part having elicited either no response &/or no action by city officials, without having one might consider it understandable WHY it has appeared necessary to seek an objective opinion, such as TCDA &/or US Att'y on these matters: particularly when third parties, i.e, Gray Panthers, TCGP've experienced same!

1. It's difficult in view of the above, to know **what's been investigated:** to support the conclusions!
2. It's clear that The City Auditor has refused to answer many of our most basic questions, including:
 - a. The ones addressed directly by Ms Chambers to the Auditor by email (reflected in the attached communications QUESTIONS below:
 - b. Those raised by **Ms. Virginia Pratt:** July and September 11, 2009 Letters (attached below).

Finally, again I regret that my absence the past few days has delayed this critical response: however, I again emphasize that the continued (& we feel inordinate) DELAY in release by the Auditor (and we understand *MS. SHAW*) of another important document - Report on the Austin Revitalization Authority (subject of discussion w/Paul Hilgers in 11/07 at the time of the now-released HUD Housing inquiry) - has a *relationship* to Ms Chambers' Questions!

Clint Smith

Cc:
Allissa Chambers
Gray Panthers Austin CenTX
Gray Panthers National
Virginia Pratt

ATTACHMENTS:

(Re. Addendum / Response to City of Austin Auditor Memo of Oct. 1, 2009
to Council Member Riley)

I. MS. CHAMBERS' ANSWERS & QUESTIONS FOR THE AUDITOR

From: allissa.c@hotmail.com
To: hitt80@hotmail.com
CC: jason.hadavi@ci.austin.tx.us; anthony.thomas@ci.austin.tx.us; lewis.leff@ci.austin.tx.us;
chris.riley@ci.austin.tx.us; graypanthers@grandecom.net
Subject: Requests Fr. City Auditor - Chambers' Response(s) to Questions tasked to CoA Auditors
Date: Thu, 17 Sep 2009 21:26:44 -0500

Mr. Smith:

Clint, following are my statements responding to Mr. Anthony **Thomas'** questions: i.e, quite frankly - while they provide **my** answers, they must be in the form of **questions**:

The Fact (per the Auditor's request) is that **no** cancelled checks/schedule of payments exist. The CoA project was **abandoned** & **NO** funds were released (to my knowledge).

***(add'l footnote added 10/4: **NO** funds were ever released from the City of Austin's Austin Housing Finance Corporation's escrow account (to my knowledge)! -- in other words, CoA did something else w/ the Federal housing funds, which they **FALSELY** allege were applied to my house! **How can I produce receipts for payments to something that NEVER happened??**

QUESTIONS:

1. Did CoA commit **Fraud** when it manufactured loan servicing documents (re. my home) to make it appear that I was repaying a loan for funds allegedly released from CoA's AHFC escrow acct. (the money **NEVER** left the AHFC escrow acct -at least NOT w/**MY** authorization.
2. Who **DID** get it (the \$\$\$)? -

Obviously, therefore: answer to the Mr. Anthony's blue request below:

"Do you have a schedule of the payments made to Josie Valdez from your escrow account? We are in need of any supporting documentation detailing the dates and amounts of any monies distributed to Valdez.":

3. WHAT **DID** HAPPEN TO THE MONEY?

4. WAS THIS FRAUDULENT? IF SO WHO DUNNIT? DO FRAUDULENT LOAN SERVICING DOCUMENTS EXPLAIN THE FOLLOWING COA CONTRADICTORY ASSERTIONS:
- a. THE FRAUDULENT LOAN SERVICING DOCS THAT MAKE IT APPEAR as if:
 - \$\$\$ WAS RELEASED from CoA's own AHFC acct. earmarked for my home (when the fact is NO money was released); AND Made it appear
 - as if THE PROJECT was 'COMPLETED' (when the fact is that it was NOT and instead was demolished and abandoned);
 - as if THE LOAN REPAYED BY ME (per the terms of the contract)?
 - b. **Asst. City Mngr DAVID LURIE'S WRITTEN QUOTE** (September 23, 2008) ALLEGING THAT, **COA RECORDS REFLECT THAT MS. CHAMBERS' HOME WAS "REHABBED IN THE MID-'90'S"?**
 - c. THE 1997 COURT INJUNCTION THAT FORBADE ANY FUNDS BE RELEASED FROM the AHFC ACCOUNT?
 - d. **THE 1999 COURT RULING** {SEEMINGLY DEFINITIVE} THAT THE PROJECT WAS, IN FACT, ABANDONED?
 - e. FINALLY, <& tellingly?> COA CONTRACTOR'S FLAT STATEMENT UNDER OATH SHE WAS **NEVER PAID**?

These QUESTIONS have been repeatedly brought to the attention of Accountable Public Officials:w/no answers! -

Perhaps the Auditors will pursue them:

Meanwhile (re Mr. Thomas' other 3 questions); I can offer / suggest that Mr. Thomas request -from **CoA** - the **hard-copy EVIDENTIARY attachments** from **City Manager OTT** (most of which I previously sent to him on Aug. 10 & 22, '08): I believe this is where the auditor will find what he is **seeking!**

This link:

LISTS ALL of the EVIDENTIARY ATTACHMENTS that were provided to CM Marc Ott in **HARD COPY**; & to which we have previously directed the CoA Auditor (October '08 & Sept. '09). -- and which are in CoA's File -- Mr. Anthony should retrieve the actual hard copy attachments from **OUR City Manager**: for whom, again, I have previously supplied the evidence!

http://www.austinaccountabilityproject.com/sitebuildercontent/sitebuilderfiles/EVIDENTIARY_DOCUMENTATION.pdf

MORE QUESTIONS: FOR COA AUDITOR: for later; just a few more for down the road...

QUESTIONS (RE. FRAUD) FOR THE CITY AUDITOR & OTHER COA 'FACT FINDERS:

1. CONTRACTS & TRAVIS COUNTY LAWSUIT:

- the **\$450K CoA roofing contract** (2006-2009) awarded to Valdez Remodeling only weeks after Valdez' alleged shoddy roof job destroyed an 89 yr old woman's home in 2006 and consequently displaced her from the home for 14 mo's (1605 Canterbury); Travis County sued Valdez for damages, while CoA simultaneously awarded Valdez a \$450K roofing contract.

2. COA'S OWN VIOLATION OF AHFC GUIDELINES:

- Why does CoA appear to violate its own **AHFC guidelines** by continuing to use this contractor in light of the contractor's questionable history and the fact that a Summary Judgment for breach of contract exists against her (AHFC guidelines recommend **debarment of any contractor who has breached a contract**)

3. (FALSE) LOAN SERVICING DOCUMENTS -- where'd the \$\$\$ go???:

- a. **AHFC escrow acct. -- a court injunction froze activity in the acct. BEFORE any money was removed/applied to the Chambers' project.**
 - Produce **ALL Loan Servicing Documents** associated with Chambers' Project.
- b. **Asst. City Manager David Lurie** quoted (9/23/2008) as saying in a letter that CoA records reflect that Chambers' home was rehabbed in the mid-90's.
 - **when:** what year in the 'mid-90's' was Chambers home allegedly rehabbed? –
 - produce the paperwork that allegedly reflect this.
 - **can we see those *alleged* CoA records** that **David Lurie** referred to and please show where it says Chambers home was rehabbed?
 - Please produce **ALL the loan servicing documents** associated with the Chambers project;
 - Produce **ALL** the documents that CoA provided the Federal Gov't re. Chambers' project.
 - What **status** was reported by CoA to the Fed Gov't re Chamber's project -- **show us the paperwork** (i.e. did CoA report the Chambers' project as 'rehabbed'; 'abandoned'; 'complete'; 'suspended'. . . . ????)
 - **--- WHERE IS THE PAPERWORK FOR THIS (which I've been requesting for YEARS)?**
- c. **CERTIFICATE OF COMPLETION:**
 - if one exists, *Where is the Certificate of Completion* and on *what date* was it issued to the Federal Government?
 - if one does NOT exist; then **HOW** can CoA records allegedly reflect that Chambers' home was rehabbed, since afterall, **a certificate of completion can only be issued AFTER the home is rehabbed. (And since ONLY a loan can begin to be repaid/forgiven AFTER the project is 'completed').**

II. Ms. VIRGINIA PRATT'S QUESTIONS RE. ARA AUDIT REPORT: Ms. Pratt's 2 letters of September 11, 2009 & July 21, 2009:

1. September 11, 2009 Letter from Ms. Pratt to City of Austin:

From: VIRGINIA PRATT <v_pratt@sbcglobal.net>
To: To: Mayor Leffingwell <lee.leffingwell@ci.austin.tx.us>
Cc: marc.ott@ci.austin.tx.us; chris.riley@ci.austin.tx.us; dill.spellman@ci.austin.tx.us; laura.morrison@ci.austin.tx.us; randi.shade@ci.austin.tx.us; sheryl.cole@ci.austin.tx.us; mike.martinez@ci.austin.tx.us; editor@dailytexanonline.com; Editors@statesman.com; jshwartz@statesman.com; edexheimer@statesman.com; asmith@austinchronicle.com; nichols@austinchronicle.com; mking@austinchronicle.com
Sent: Friday, September 11, 2009 4:11:51 PM
Subject: Fw: Rquest:Delay FY10 BudgetAprval 'til ARA Rprt

SUBJECT: REQUEST: DELAY FY10 BUDGET APPROVAL 'TIL ARA REPORT:

Included:

1. Opening Letter from Ms. Pratt to Mayor & City Council: Request delay of FY10 Budget approval pending release of ARA report
2. 'To Whom It May Concern'...
3. 'Whispers' -- delay of ARA Audit report
4. Council Member Martinez' earlier response -- anticipated date of ARA report
5. Inquiry from Austin Chronicle Lee Nichols
6. Ms. Pratt's initial inquiry and request about ARA report -- including q's about Eric Mitchell; & Housing deal involving Ms. Shaw.

OPENING LETTER:

Austin City Manager Mr. Marc Ott, in his letter of April 27, 2009 to Austin's Mayor and Members of the City Council, **promised complete transparency** in the preparation of the **FY10 Budget** and all deliberations leading up to its final presentation for approval. Mr. Ott went so far as to use a phrase something to the affect 'everything will be off the table' as far as involving **Public participation** -- about which many of us felt very optimistic in its reflection of a new Era of 'transparency' with respect to City of Austin affairs generally.

The purpose of this communication is to followup with my request [below} of July 21 '09 to the CoA Council, City Manager & others for release to the Public of the **City Auditor's report** on the **Austin Revitalization Authority** - to which CM Martinez responded nearly 2 months ago (below) by promising a release 'within a month'. Please note, however 'Whispers' of August 19, below, "**City postpones ARA report' reveals a quiet delay" - announced by Ms. Margaret Shaw, of NHCDD! -**

Since Ms. Shaw is a key CoA official mentioned in my earlier communication with questions regarding ARA, it seemed to be somewhat 'interesting' that she is in a position of delaying the over-due report, which very well may contain information requested & relevant to her situation.

Consequently, this is a **formal official request to the Mayor, City Council Members** - as well as in particular, to **Ms. Shaw's** immediate superior **Mr. Ott, the City Manager** - of City of Austin **that there be NO Final Approval of CoA FY10 Budget: pending release of the ARA Audit!** Furthermore, this is also a request that the questions below in my earlier communication be addressed as well!

Regards,
Ms. Pratt

Footnote* re Criminal Prohibitions re Municipal & budgets/financial mgt..

*Note:

My understanding is possible criminal sanctions & procedures under Title 18 US Code apply in connection with certain areas of State/local financial management: especially Chap. 11: Bribery, graft & conflict of interest; Chap. 45: Fraud & false statements (under oath); and Chap. 96; Racketeer Influenced Corrupt Organizations (RICO) Act. (Though doubtful these are issues in Austin, Tx, **please note the earlier requests by Gray Panthers -- and which relate to questions for inclusions as part of the FY08 budget sessions, i.e., September 2007 -- never received CoA** response then!**) click the link here.

To whom it may concern:

A fine recent report, analysis & evaluation on [ARA by The Austin Chronicle \(Aug 7, '09\)](#). Although release below announces {unfortunate} delay in whatever it is to be in that ARA 'audit' report (already anticipated not to be 'any particularly disturbing news', according to Dudley's statement, bottomline below), & a more recent glowing [rebuttal by Dr. Charles Urdy](#) (to the Chronicle's balanced varied views and professional approach) - in which he cites 'ARA's achievements' - BUT makes no mention about the individual the Chronicle cites as accountable for ARA's checkered history - former Council Member Eric Mitchell! Unfortunate fact is Mitchell's legacy remains in the form of adverse consequences: corruption/fraud in so-called 'minority contracting'!

[Date:](#) Wed, 19 Aug 2009 07:54:25 -0700

2. July 21, 2009 Letter from Ms. Pratt to City of Austin:

From: VIRGINIA PRATT <v_pratt@sbcglobal.net>
To: To: Mayor Leffingwell <lee.leffingwell@ci.austin.tx.us>
Cc: marc.ott@ci.austin.tx.us; chris.riley@ci.austin.tx.us; dill.spellman@ci.austin.tx.us; laura.morrison@ci.austin.tx.us; randi.shade@ci.austin.tx.us; sheryl.cole@ci.austin.tx.us; mike.martinez@ci.austin.tx.us; editor@dailytexanonline.com; Editors@statesman.com; jshwartz@statesman.com; edexheimer@statesman.com; asmith@austinchronicle.com; lnichols@austinchronicle.com; mking@austinchronicle.com
Sent: July 21, 2009

SUBJECT: ARA REPORT / Q'S RE. FORMER CM MITCHELL

Dear Mayor Leffingwell:

Individuals & the Austin Community are interested in knowing when the City of Austin plans to release the **City Auditor's report** on the **Austin Revitalization Authority (ARA)**.

Austin Chronicle * of July 10 reports that [Byron Marshall](#), Director of ARA for a number of years (& who worked very closely with former city council member [Eric Mitchell](#) a number of years back) is leaving for an 'administrative position' with the City of Richmond, VA. in spite of the earlier press reports suggesting Richmond's preference to first await CoA's final Auditor's report (due August '09) of the ARA. -

<http://www.austinchronicle.com/gyrobase/Issue/story?oid=808274>

Considering:

1. the investigating questions raised about Marshall's ARA tenure, and the timing of his departure;
2. these important (& yet unresolved) ARA questions here in 'River City' -- dating back several years to the mid-1990's; and
3. the City Manager's FY10 budget presentation on July 23;

We would like answers to the following:

1. **Is it reasonable to expect that the audit reports' on ARA will cover the well-publicized issues & questions that arose in *CM Mitchell's* relationship with ARA in the mid 1990's/early 00's - as well as the documented connections & involvement of CM Mitchell's insurance agency in & with CoA affairs?**
2. **Please advise the Public why CoA's ARA audit report is not RELEASED before or DURING the CoA FY10 budget hearings?**

We feel it is very important to have a comprehensive report on the history & operation of the ARA in view of its implications of the **CoA FY10 Budget**, as well as the the predictive value with regard to evaluating use of Federal **Stimulus funds**, as applicable not only to East Austin but overall in other sections of the City of Austin.

For example:

- Riverside Area:** What is the CoA plan for utilization of the property in the Riverside Area: formerly houses of hundreds of families, are now razed?

Finally, in view of the issues and questions above, we would appreciate a report on these matters in advance of the FY10 Budget Hearings as a Public Interest matter so that we have the answers to these questions prior to the approval of the FY10 budget.

Regards,
Ms. Virginia Pratt

cc.
Austin City Manager;
All City of Austin Council Members;
Austin Chronicle;
Austin American Statesman

* *Austin Chronicle*, July 10, 2009: **Link on Byron Marshall's leaving**
<http://www.austinchronicle.com/gyrobase/Issue/story?oid=808274>

**** PLEASE SEE INTERESTING 'READER COMMENTS':** *American-Statesman* article of __ June, '09, "Critics Question Housing Deal.... (At end of article)
<http://www.statesman.com/news/content/news/stories/local/2009/06/09/0609housing.html>