

Memorandum



CITY OF DALLAS
(Report No. I14-003)

DATE: May 28, 2014

TO: Honorable Mayor Michael S. Rawlings
Honorable Jerry Allen, Chairman – Budget, Finance & Audit Committee
Warren M.S. Ernst, City Attorney

SUBJECT: Investigative Report:
Department of Housing/Community Services – Federal Criminal Charges

Council Resolution 90-4027 requires the Office of the City Auditor (Office) to report to the Mayor, the Chair of the City Council Budget, Finance & Audit Committee, and the City Attorney any apparent violations of law, apparent instances of misfeasance or nonfeasance by City of Dallas (City) employees. This report summarizes the results of an administrative review of allegations and Federal criminal charges involving Mr. Lawrence E. Hart, Jr., Caseworker II, for the Department of Housing/Community Services (HOU), Project Reconnect.

On April 3, 2013, Mr. Jerry Killingsworth, former HOU Director, reported to both the Dallas Police Department – Public Integrity Unit (DPD-PIU) and the Office that Mr. Hart made improper sexual overtures to three women in return for placing each in federally-funded housing. The DPD-PIU, the United States (US) Department of Housing and Urban Development (HUD), and the Federal Bureau of Investigation (FBI) conducted an investigation.

The conclusion of the criminal investigation resulted in Mr. Hart pleading guilty on April 8, 2014 to the following Federal criminal charges: (1) one count of making a false statement to HUD; (2) one count of deprivation of rights under the color of law; and, (3) one count of witness tampering. Mr. Hart is scheduled to be sentenced on July 14, 2014.

Mr. Hart admitted he arranged for an unqualified individual to sign a lease for an apartment subsidized by Project Reconnect with a rental fee of \$980 per month, of which \$975 was paid by Project Reconnect. Mr. Hart admitted he was the sole occupant of the Project Reconnect apartment. Mr. Hart further admitted he submitted documentation to HUD reflecting the unqualified individual was the sole occupant of the apartment. In the course of the investigation, Mr. Hart instructed this individual to lie to a DPD-PIU detective and a FBI agent about residing at the Project Reconnect apartment.

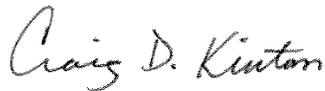
Evidence was also uncovered in this investigation that Mr. Hart met an individual in late 2012 who, while qualified for housing through Project Reconnect, had her application “fast-tracked” by Mr. Hart in return for sex. In January 2013, this individual ended the relationship with Mr. Hart. In violation of Federal statute, Mr. Hart then removed this individual from the HUD subsidized apartment.

During the course of the criminal investigation, Mr. Hart submitted his resignation from employment with the City effective November 6, 2013.

Management Response

Management concurs with the Auditor's report; however, it is important to note that Mr. Hart was immediately placed on administrative leave when management became aware of the allegation. Rental payments on the apartment ceased in April 2013. Mr. Hart's access to City files and records were terminated and his caseload was reassigned. This is consistent with City policies in matters involving allegations and/or criminal charges of employees. As previously provided, Mr. Hart is scheduled to be sentenced in July 2014. The City has requested the Court consider requiring restitution be paid by Mr. Hart as a result of causing payments to unauthorized recipients. Internal controls have been improved to require supervisor approval prior to payments to prevent future occurrences.

Sincerely,



Craig D. Kinton
City Auditor

C: Honorable Members of the City Council
A.C. Gonzalez, City Manager
Theresa O'Donnell, Interim Assistant City Manager
Bernadette Mitchell, Interim Director – Department of Housing/Community Services