



The City of New York
Department of Investigation

ROSE GILL HEARN
COMMISSIONER

80 MAIDEN LANE
NEW YORK, NY 10038
212-825-5900

VENDOR NAME CHECK RESPONSE

TO: JoAnn Ellerbe
Department of Social Services

FROM: George Davis, Director VENDEX Unit *GD*

DATE: November 10, 2011

SUBJECT: Vendor Name Check: RIDGEWOOD BUSHWICK SENIOR CITIZEN
HOMECARE COUNCIL, INC.
VNC#: 3295

In response to your request for a Vendor Name Check, the Department of Investigation has searched its indices of investigations closed within the past ten years to determine whether the entity listed above, together with all of its affiliates and principals, have been the subject of a completed investigation by this Department. See Procurement Policy Board Rules, Section 2-08 (f).

A search of the Department of Investigation records was conducted on the above named entity, including all affiliates and principals associated with the VNC request. Two Department of Investigation vendor name check response memoranda dated November 9, 2011 and July 20, 2010 regarding Ridgewood Bushwick Senior Citizens Council Inc. were discovered, and copies are attached for your review. In addition, be advised that the submitting entity answered question 15 of the vendor questionnaire in the affirmative. Also, Ridgewood Bushwick Senior Citizens Council Inc. answered questions 12(a) and 15 of their vendor questionnaire in the affirmative. Finally, caution profile exists in VENDEX regarding the submitting entity and Ridgewood Bushwick Senior Citizens Council Inc.

cc: Pat Russo, Inspector General
Michelle Offsey, Inspector General
Chanterelle Sung, Inspector General



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NEW YORK, NY 10038
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VENDOR NAME CHECK RESPONSE

TO: Alex Dorosh
Department for the Aging

FROM: George Davis, Director VENDEX Unit *GD*

DATE: November 10, 2011

SUBJECT: Vendor Name Check: RIDGEWOOD BUSHWICK SENIOR CITIZENS
COUNCIL INC.
VNC#: 4602

In response to your request for a Vendor Name Check, the Department of Investigation has searched its indices of investigations closed within the past ten years to determine whether the entity listed above, together with all of its affiliates and principals, have been the subject of a completed investigation by this Department. See Procurement Policy Board Rules, Section 2-08 (f).

A search of the Department of Investigation records was conducted on the above named entity, including all affiliates and principals associated with the VNC request. Two Department of Investigation vendor name check response memoranda dated November 9, 2011 and July 20, 2010 regarding Ridgewood Bushwick Senior Citizens Council Inc. were discovered, and copies are attached for your review. In addition, be advised that the submitting entity answered questions 12(a) and 15 of the vendor questionnaire in the affirmative. Also, Ridgewood Bushwick Senior Citizen Homecare Council, Inc. answered question 15 of their vendor questionnaire in the affirmative. Finally, caution profile exists in VENDEX regarding the submitting entity and Ridgewood Bushwick Senior Citizen Homecare Council, Inc.

cc: Pat Russo, Inspector General
Michelle Offsey, Inspector General
Chanterelle Sung, Inspector General




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80 MAIDEN LANE
NEW YORK, NY 10038
212-825-5900

VENDOR NAME CHECK RESPONSE

TO: Sylvester Carby
Department of Homeless Services

FROM: George Davis, Director VENDEX Unit 

DATE: November 10, 2011

SUBJECT: Vendor Name Check: RIDGEWOOD BUSHWICK SENIOR CITIZENS
COUNCIL INC.
VNC#: 4803

In response to your request for a Vendor Name Check, the Department of Investigation has searched its indices of investigations closed within the past ten years to determine whether the entity listed above, together with all of its affiliates and principals, have been the subject of a completed investigation by this Department. See Procurement Policy Board Rules, Section 2-08 (f).

A search of the Department of Investigation records was conducted on the above named entity, including all affiliates and principals associated with the VNC request. Two Department of Investigation vendor name check response memoranda dated November 9, 2011 and July 20, 2010 regarding Ridgewood Bushwick Senior Citizens Council Inc. were discovered, and copies are attached for your review. In addition, be advised that the submitting entity answered questions 12(a) and 15 of the vendor questionnaire in the affirmative. Also, Ridgewood Bushwick Senior Citizen Homecare Council, Inc. answered question 15 of their vendor questionnaire in the affirmative. Finally, caution profile exists in VENDEX regarding the submitting entity and Ridgewood Bushwick Senior Citizen Homecare Council Inc.

cc: Pat Russo, Inspector General
Michelle Offsey, Inspector General
Chanterelle Sung, Inspector General



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80 MAIDEN LANE
NEW YORK, NY 10038
212-825-5900

VENDOR NAME CHECK RESPONSE

TO: Alex Dorosh
Department for the Aging

FROM: George Davis, Director VENDEX Unit *GD*

DATE: November 10, 2011

SUBJECT: Vendor Name Check: RIDGEWOOD BUSHWICK SENIOR CITIZEN
HOMECARE COUNCIL, INC.
VNC#: 5140

In response to your request for a Vendor Name Check, the Department of Investigation has searched its indices of investigations closed within the past ten years to determine whether the entity listed above, together with all of its affiliates and principals, have been the subject of a completed investigation by this Department. See Procurement Policy Board Rules, Section 2-08 (f).

A search of the Department of Investigation records was conducted on the above named entity, including all affiliates and principals associated with the VNC request. Two Department of Investigation vendor name check response memoranda dated November 9, 2011 and July 20, 2010 regarding Ridgewood Bushwick Senior Citizens Council Inc. were discovered, and copies are attached for your review. In addition, be advised that the submitting entity answered question 15 of the vendor questionnaire in the affirmative. Also, Ridgewood Bushwick Senior Citizens Council Inc. answered questions 12(a) and 15 of their vendor questionnaire in the affirmative. Finally, caution profile exists in VENDEX regarding the submitting entity and Ridgewood Bushwick Senior Citizens Council Inc.

cc: Pat Russo, Inspector General
Michelle Offsey, Inspector General
Chanterelle Sung, Inspector General




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NEW YORK, NY 10038
212-825-5900

VENDOR NAME CHECK RESPONSE

TO: Zenaida Marie White
Department of Youth and Community Development

FROM: George Davis, Director VENDEX Unit 

DATE: November 10, 2011

SUBJECT: Vendor Name Check: RIDGEWOOD BUSHWICK SENIOR CITIZENS
COUNCIL INC.
VNC#: 5853

In response to your request for a Vendor Name Check, the Department of Investigation has searched its indices of investigations closed within the past ten years to determine whether the entity listed above, together with all of its affiliates and principals, have been the subject of a completed investigation by this Department. See Procurement Policy Board Rules, Section 2-08 (f).

A search of the Department of Investigation records was conducted on the above named entity, including all affiliates and principals associated with the VNC request. Two Department of Investigation vendor name check response memoranda dated November 9, 2011 and July 20, 2010 regarding Ridgewood Bushwick Senior Citizens Council Inc. were discovered, and copies are attached for your review. In addition, be advised that the submitting entity answered questions 12(a) and 15 of the vendor questionnaire in the affirmative. Also, Ridgewood Bushwick Senior Citizen Homecare Council, Inc. answered question 15 of their vendor questionnaire in the affirmative. Finally, caution profile exists in VENDEX regarding the submitting entity and Ridgewood Bushwick Senior Citizen Homecare Council, Inc.

cc: Pat Russo, Inspector General
Michelle Offsey, Inspector General
Chanterelle Sung, Inspector General



The City of New York
Department of Investigation
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80 MAIDEN LANE, 19TH FLOOR
NEW YORK, NY 10038
(212) 825-5920
FAX: (212) 825-3237

VENDOR NAME CHECK RESPONSE

TO: Mayor's Office of Contract Services
FROM: Paul Balukas, Assistant Commissioner
CC: New York City Council Finance Division
DATE: November 9, 2011
SUBJECT: RIDGEWOOD BUSHWICK SENIOR CITIZENS COUNCIL, INC.

I. Background

On July 20, 2010, the New York City Department of Investigation ("DOI") issued a Vendor Name Check ("VNC") report regarding the Ridgewood Bushwick Senior Citizens Council, Inc. ("RBSCC"), a New York City non-profit organization that provides various housing and social services pursuant to contracts with NYC agencies.¹ In the July 2010 VNC report, DOI documented several findings, including that RBSCC's Board of Directors (the "Board") and senior management had exercised insufficient oversight of the financial and programmatic affairs of the organization, and that a lack of internal controls and fraudulent activity existed at one of the senior centers operated by RBSCC.²

Shortly after DOI issued the July 2010 VNC report, the Mayor's Office of Contract Services ("MOCS") obtained a copy of RBSCC's federal tax return (also known as IRS Form 990), dated May 14, 2010, for FY 2009 (July 1, 2008 – June 30, 2009), which indicated that several RBSCC executives had received substantial increases in their compensation. Because RBSCC's FY 2009 tax return and the compensation figures it contained had not previously been

¹ See DOI, Vendor Name Check Response, Ridgewood Bushwick Senior Citizens Council, Inc. (July 20, 2010).

² On April 6, 2010, as a result of an investigation by DOI, Tyess Crespo, an employee at a RBSCC senior center, the Hope Gardens Multi-Service Center ("Hope Gardens"), was arrested on corruption charges. On December 15, 2010, Crespo pled guilty in Brooklyn Criminal Court to Criminal Facilitation in the Fourth Degree, a class "A" misdemeanor. DOI's investigation also determined that the former Director of Hope Gardens, who died during the investigation, double-billed different City agencies for programmatic services and operated her own non-profit organization, which was unrelated to RBSCC, at the Hope Gardens site. *Id.* at 2-3.

made available to DOI in connection with its July 2010 VNC report, MOCS referred the matter to DOI for review. MOCS also raised concerns regarding executive compensation and RBSCC's compliance with corporate governance requirements directly with RBSCC's executives and attorneys. Subsequently, MOCS and RBSCC addressed the governance concerns in a Management Improvement Plan, dated September 1, 2010, and City agencies registered RBSCC's contracts for Fiscal Year 2011.³

DOI has now received five additional VNC requests in relation to potential contracts between City agencies and RBSCC and a related entity, the Ridgewood Bushwick Senior Citizens Homecare Council, Inc. ("RBHC"). Those contracts would involve the expenditure of approximately \$69 million in public funds. This VNC report is responsive to all of those requests.

II. Significant Findings

Executive Compensation – Christiana Fisher, Executive Director

- Christiana Fisher is RBSCC's highest-paid executive. Since 1980, Fisher has served as RBSCC's Executive Director and, until October 2010, as the top executive of RBHC. At all times relevant to this report, Fisher received a separate salary from each of those organizations.⁴
- Fisher's combined compensation from RBSCC and RBHC, rounded to the nearest thousand, rose from \$336,000 in FY 2008 to \$782,000 in FY 2009, an increase of 133%. Specifically, Fisher received \$686,000 from RBSCC and \$96,000 from RBHC.⁵
- The bulk of Fisher's increase in FY 2009 came from RBSCC, starting in July 2008. RBSCC's payroll records reflect that in July 2008 Fisher's biweekly salary from that entity nearly doubled - from \$9,009 to \$17,696, which annualized to approximately \$462,000 - and remained at that level for the next year and a half. In a two-week period during July and August 2008 Fisher also received from RBSCC lump-sum payments totaling \$218,659, which Francesca Bowen, RBSCC's Senior Accountant, testified consisted of (1) "retroactive" salary increases of \$170,659 for the period of February 2007 to July 2008 and (2) a \$48,000 bonus.
- Bowen, who is responsible for RBSCC's payroll, told DOI that Fisher's biweekly salary increase, retroactive payments, and bonus were authorized by three "Status Change Forms" that Fisher gave Bowen to process in July 2008. The forms were signed by Lucy Cusimano, RBSCC's then-Chairperson of the Board. When

³ The City's VENDEX database indicates that, as of November 2, 2011, City agencies filed 122 Contractor Performance Evaluations of RBSCC and a related entity, the Ridgewood Bushwick Senior Citizens Homecare Council, Inc., for evaluation periods ending June 30, 2007 through November 30, 2010. The two Ridgewood Bushwick entities received 12 "excellent" ratings (10%), 58 ratings of "good" (47%), 51 ratings of "fair" (42%), and one "poor" rating (1%).

⁴ RBSCC's attorneys informed DOI that effective January 2011 Fisher stopped receiving income from RBHC.

⁵ See RBSCC tax returns (IRS Form 990) filed May 14, 2010 and amended August 17, 2010; RBHC payroll records provided by RBHC to the New York City Human Resources Administration.

interviewed by DOI, Cusimano identified her signature on the forms but told DOI that she did not remember signing them. With respect to one of the forms, dated July 17, 2008, which increased Fisher's biweekly salary, Cusimano said, "I think I would remember that." Cusimano also told DOI that she did not know how salary increases or bonuses were handled at RBSCC, or what Fisher's salary was, and said, "Nobody ever told me what they made."

- DOI interviewed eight additional RBSCC Board members who were serving on the Board in July 2008, none of whom knew the amount of Fisher's compensation.

RBSCC's Reporting of Fisher's Compensation in its Tax Returns

- On May 14, 2010, RBSCC electronically filed its first federal tax return for FY 2009, which reports Fisher's \$686,000 compensation from RBSCC ("May 2010 Return").⁶ DOI interviewed Stuart Koch and Miaoling Lin, certified public accountants and partners at Koch Group & Company, LLP ("Koch & Company"), who oversaw the preparation of that return. For approximately 15 years, Koch & Company was RBSCC's external auditor and paid preparer of its annual returns, until RBSCC replaced the firm in May 2011. DOI also interviewed Wesley Hitner, who was RBSCC's CFO/Controller for approximately 15 years through November 2010 and compiled the compensation figures for RBSCC's returns.⁷ The May 2010 Return names Hitner as the RBSCC officer filing the return and Koch as its paid preparer.
- Koch testified in substance that during the preparation of RBSCC's May 2010 Return he warned Hitner that the steep increase in Fisher's compensation in FY 2009 "could generate an audit." Further, in an e-mail directly to Fisher, dated May 12, 2010, Koch asked how Fisher's compensation "is...decided." Koch attached to his e-mail a question from IRS Form 990, which instructs the filing organization to check-off all methods that the "organization uses to establish the compensation of the organization's CEO/Executive Director." In Koch's attachment, one box is checked, indicating "approval by the board or compensation committee." Koch's e-mail further advised Fisher that the IRS could ask for comparability studies to determine whether the compensation was reasonable and that "these comparable[s] should be in the files."
- Fisher's reply e-mail to Koch, dated May 13, 2010, states:

Hi, Stu, The answer you checked correctly reflects what we do now. I'd like to discuss at some point what more we should do for this year so that we are in a better position... Chris

⁶ RBSCC's May 2010 Return omits Fisher's compensation of approximately \$96,000 from RBHC, a related entity.

⁷ Hitner had also been the Assistant Director for Administration of RBHC for approximately 15 years, a position he still retains.

One day after this e-mail exchange, RBSCC's May 2010 Return was filed with the IRS. It stated, among other things, that Fisher's compensation of \$686,000 was approved by RBSCC's Board. The return was also filed with the New York State Attorney General's Charities Bureau as an attachment to RBSCC's Annual Filing for Charitable Organizations (also known as "Form CHAR 500") signed by Fisher and Hitner.

- RBSCC's May 2010 Return reports that the bulk of Fisher's FY 2009 compensation from RBSCC - \$660,000 out of \$686,000 - was "base compensation."
- On August 17, 2010, after MOCS questioned Fisher's FY 2009 compensation, and while DOI was conducting this investigation, RBSCC filed an amended return with the IRS (the "First Amended Return"). Koch testified in substance that Fisher called and told him that the May 2010 Return had to be amended to make clear that much of the money she and others received from RBSCC in FY 2009 was "not salary for one year, but it was salary over many years," which Koch also referred to as "retroactive compensation." Hitner testified, in substance, that Fisher informed him for the first time in August 2010 that her "payroll numbers had a lot to do with being retroactive to previous years." Hitner told DOI that based on that representation by Fisher and his discussions with her, Hitner reduced Fisher's reported "base compensation" for FY 2009 from \$660,000 to \$260,000 and classified approximately \$352,000 as "other compensation," which Hitner in substance said was intended to reflect Fisher's "retroactive" pay.⁸ Hitner provided those figures to Koch & Company for RBSCC's First Amended Return. The return containing those figures was signed by Hitner and Koch and filed in August 2010 with the IRS and with the New York State Attorney General's Office as an attachment to RBSCC's "CHAR 500," signed by Fisher and Hitner.

RBSCC Executive Compensation Resolutions Re: Fisher (2008 – 2010)

- In August 2010, Koch & Company, while preparing RBSCC's First Amended Return, asked RBSCC for documentation to support the claim that \$352,000 of Fisher's FY 2009 compensation consisted of retroactive pay. In response, on August 12, 2010, Fisher faxed Lin a copy of a one-page RBSCC Board resolution, dated February 4, 2008 (the "February 2008 Resolution"), which ostensibly "adjusted" Fisher's compensation retroactively for each of the nine preceding years, 1999 through 2007. For example, in 2002, Fisher's actual compensation, according to RBSCC's attorney, was \$187,698, and, through the February 2008 Resolution, the Board "adjusted" it to \$300,000, resulting in a retroactive increase of \$112,302, or 60%, to be paid out six years after the fact.
- According to Lin, Fisher explained that the RBSCC Board had adopted the February 2008 resolution to compensate Fisher for years in which she was not

⁸ Of the \$660,000 originally classified as "base compensation," \$48,000 was reclassified as "bonus and incentive" in the First Amended Return. The sum of \$260,000, \$352,000 ("other compensation"), and \$48,000 ("bonus") equals \$660,000.

adequately paid. On the copy of the resolution faxed to Lin, the lower portion of the page is obscured by what appears to be a note directing the fax to Lin, and no signatures of Board members are visible.⁹

- On September 3, 2010, RBSCC produced to DOI the February 2008 Resolution.¹⁰ Unlike the copy of the resolution that Fisher faxed to Lin three weeks earlier, the copy provided to DOI included the signatures of eight of the 11 RBSCC Board members named in the resolution. RBSCC also provided DOI with RBSCC Board resolutions dated February 2, 2009, and February 1, 2010.
- The three resolutions, of February 2008, 2009, and 2010, also state that the Board set Fisher's compensation at \$350,000 for each of those years. Of note, all three resolutions that RBSCC produced to DOI, which reflect Board actions that reportedly occurred on three separate occasions during a two-year period, were signed by the same eight Board members.¹¹
- DOI interviewed the eight RBSCC Board members whose signatures appear on the above-described resolutions.¹² All eight signers, when asked to examine two of the resolutions, dated February 4, 2008 and February 2, 2009, verified their signatures, but six testified that they did not remember signing the resolutions or any discussions or votes at Board meetings concerning the compensation of RBSCC executives.¹³ None of the Board members interviewed knew the amount of Fisher's salary. Two RBSCC Board members, former Chairperson Lucy Cusimano and Virginia Torres, reported some recollection of a discussion concerning retroactive payments for Fisher. Cusimano said that the information in the February 2008 Resolution sounded familiar, but that she could not really remember. Torres believed that the Board approved a retroactive increase for Fisher covering about four years, without a discussion of the exact amount. But according to Torres, that discussion and approval occurred in late 2009 or early 2010, not in February 2008 as recited on the resolution. Torres also said that she had not been aware of Fisher's salary until she read it in the newspaper.¹⁴
- RBSCC's Board generally meets four times per year, and RBSCC produced to DOI the minutes of all Board meetings from January 2007 through June 2010. No

⁹ A copy of the February 4, 2008 resolution produced to DOI by Koch & Company is attached hereto as Attachment 1.

¹⁰ A copy of the February 4, 2008 resolution produced to DOI by RBSCC is attached hereto as Attachment 2.

¹¹ The 2009 and 2010 Board resolutions list the names of and signature lines for, respectively, ten and nine Board members. However, the resolutions produced to DOI contain the signatures of only the same eight Board members.

¹² The eight signers were all Board members on the dates of the resolutions; seven have since left the Board. DOI also interviewed a ninth Board member whose signature was not on any of the resolutions. That member said that she had no knowledge of any Board discussion or vote on any compensation issues, including any "retroactive" salary increase for Fisher.

¹³ The third resolution, dated February 1, 2010, had not yet been produced to DOI by RBSCC at the time of the interviews.

¹⁴ Articles regarding Fisher's compensation appeared in several newspapers in September 2010, the month preceding DOI's interview of Torres.

discussion or approval regarding executive compensation is documented in the minutes. The dates of the three Board resolutions that RBSCC produced to DOI do not correspond with the dates of the Board's meetings.

- RBSCC's Assistant Executive Director for Human Resources, Antoinette Kozlowski, compiled documents concerning executive compensation at RBSCC to produce to DOI for this investigation. Kozlowski testified that she first saw the 2008, 2009 and 2010 Board Resolutions when Fisher gave her all three resolutions at the same time in the summer of 2010.¹⁵ According to Kozlowski, in the summer or fall of 2010, Fisher told her, in sum and substance, that the resolutions had been "recreated" because the originals had been misplaced. Kozlowski said that she did not know when the originals were lost or when the "recreated" resolutions were prepared and signed.
- RBSCC's then-CFO, Wesley Hitner, and its Senior Accountant, Francesca Bowen, told DOI that they had not seen the 2008 and 2009 Board Resolutions prior to the summer of 2010. Hitner said that he first saw the February 2008 Resolution in August 2010, probably during discussions with Fisher in preparing the First Amended Return, which was filed that month. Bowen, who processed and calculated Fisher's retroactive payments in July 2008, informed DOI that she never saw the February 2008 Resolution until September 2010. Of note, the "Status Change Forms" that Bowen received from Fisher in July 2008, which Bowen used to process the payments, state that Fisher's salary increases were retroactive for a period of about a year and a half, not nine years as recited in the February 2008 Resolution.
- DOI asked Bowen and Hitner why RBSCC's First Amended Return reports Fisher's salary as \$260,000 while the Board resolutions state that her salary during the same time period was \$350,000. Hitner could not explain the difference and said there might have been a mistake. Bowen said that she did not know Fisher's annual salary and was not involved in preparing the First Amended Return. However, Bowen said that in September 2010, Fisher told her that Fisher received a salary of \$260,000 from RBSCC and \$90,000 from RBHC, which, combined, match the \$350,000 figure contained in the February 2008 Resolution.
- It appears that the three Board resolutions that RBSCC produced to DOI were not executed in accordance with New York State law. Pursuant to the New York State Not-For-Profit Corporation Law, an organization's board of directors may take action without a board meeting only "if all members of the board or the committee consent in writing to the adoption of a resolution authorizing the action."¹⁶ As noted above, the Board minutes reflect no discussion or vote regarding the 2008, 2009, and 2010 resolutions. Moreover, the resolutions themselves and witness

¹⁵ As of summer 2010, RBSCC was under scrutiny by DOI in connection with the investigation that led to the July 2010 VNC.

¹⁶ N.Y. Not-for-Profit Corp. Law § 708(b).

testimony reflect that not all members of the Board signed the resolutions and that the entire Board did not consent, in writing, to the adoption of the resolutions.

Inaccuracies in Ridgewood Bushwick's Federal Tax Returns

- RBSCC's May 2010 Return and First Amended Return misstate facts regarding the organization's policies relating to executive compensation. Specifically, in the "Governance, Management and Disclosure" sections of both returns, RBSCC reported that the following procedures were followed:

- *The return had been provided to the organization's governing body (i.e., the Board of Directors) before it was filed.*

In contrast to that statement, the eight Board members whom DOI interviewed concerning RBSCC's returns testified that they had not reviewed the returns before they were filed.

- *The process for determining compensation of RBSCC's executive director and key employees included "review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision."*

In contrast to that statement, all Board members whom DOI interviewed testified that they did not know the amount of Fisher's compensation. This included the eight Board members whose signatures appear on the resolutions RBSCC produced to DOI as purported evidence that the Board had approved Fisher's compensation as reflected in the returns.

- *On Schedule O of IRS Form 990, RBSCC represented: "Decision regarding compensation is based on the recommendations of an independent committee that considers performance, scope of responsibilities, and salary compensation for similar positions. Final approval for CEO compensation must be approved by the entire Board of Directors."*

In contrast to that representation, as noted above, all Board members whom DOI interviewed testified that they did not know the amount of Fisher's compensation.

- RBSCC produced to DOI three "CEO Compensation Comparison" charts dated, respectively, 2007-2008, 2008 and 2009. The charts present the total annual revenue and CEO compensation of seven non-profit organizations compared with RBSCC's revenue and Fisher's reported compensation. RBSCC Assistant Executive Director Antoinette Kozlowski told DOI that Fisher asked her to compile the information in the charts during the summer of 2010. Thus, RBSCC's comparability data relating to Fisher's compensation was compiled more than two years after Fisher's salary was reportedly set by RBSCC's Board via the February 2008 Resolution.

- RBSCC's May 2010 Return and its First Amended Return both failed to list RBHC as a related entity and the compensation RBHC paid to Fisher in FY 2009, approximately \$96,000.
- Ridgewood Bushwick's former CFO, Wesley Hitner, the RBSCC officer who filed RBSCC's May 2010 Return and First Amended Return, told DOI that he believed, but "had no proof," that the RBSCC Board had approved Fisher's salary. When asked whether the RBSCC Board had, in fact, sought the recommendation of an independent committee that considered compensation, performance, scope of responsibility, and salary compensation for similar positions, as represented in the returns, Hitner's response was, "Not that I'm aware of." Hitner said in substance that he had relied on the CPA to answer those questions, did not review every answer, and that some of the answers did not reflect "what is really happening" with respect to executive compensation.
- On May 12, 2011, after DOI's investigation had exposed various inaccuracies in RBSCC's May 2010 Return and First Amended Return, RBSCC filed a second amended return for FY 2009 ("Second Amended Return"). That return changed more than 20 answers in the organization's prior FY 2009 returns, including all of the above-described misstatements relating to RBSCC's process for deciding executive compensation. The Second Amended Return acknowledged that the "process for determining compensation [of executive staff] was not in accordance with the process as it is set forth in [the prior returns]." The Second Amended Return also acknowledged that "in 2008 the CEO/Executive Director compensation decision was not approved by the entire Board."¹⁷
- DOI found that RBHC's original federal tax returns for three FYs - 2007, 2008, and 2009 - omitted required information. All three returns omitted the revenue and expenses of one or more of RBHC's City-funded contracts, valued at \$3 million to \$4.7 million per year, from the Department for the Aging and the Human Resources Administration ("HRA"). In addition, RBHC's original return for FY 2009 failed to report Fisher's and Hitner's compensation. In July 2011, after DOI questioned the omission of the two executives' compensation, RBHC filed amended returns for all three years, providing the previously-missing information.

Compensation Increases of Other RBSCC Executives in FY 2009

- Angela Battaglia, RBSCC's Assistant Executive Director for Housing, has been an RBSCC Assistant Executive Director since 1982 and is the organization's second-highest-paid executive, after Fisher. Battaglia agreed to be interviewed at DOI during this investigation and answered all of the questions posed to her.

¹⁷ RBSCC's Second Amended Return for FY 2009 reports Fisher's compensation for calendar year 2008, in accordance with IRS instructions, whereas the two previous returns had reported her compensation for the fiscal year, July 1, 2008 – June 30, 2009. See IRS, Instructions for Form 990, at 20 (2008).

- Battaglia's compensation from RBSCC, rounded to the nearest thousand, rose from approximately \$198,000 in FY 2008 to \$343,000 in FY 2009, an increase of \$145,000 (73%).¹⁸
- RBSCC's records show that in July 2008, Battaglia's biweekly salary rose from \$7,331 to \$9,696. During that month and the next, Battaglia also received lump sum payments totaling \$88,131, which Bowen testified reflected (1) retroactive salary increases totaling \$56,131 for the period of February 2007 to July 2008 and (2) a \$32,000 bonus. DOI's investigation showed that Battaglia's increase and bonus were authorized by Fisher. Specifically, Bowen testified that the above-described payments were approved via "Status Change Forms" signed by Fisher, who gave them to Bowen to process in July 2008.
- Battaglia testified, in sum and substance, that although she probably discussed the \$32,000 bonus with Fisher in advance, she did not become aware of the above-described retroactive salary increases until she saw an unusually high balance in her checking account in August 2008. Battaglia said that she asked Fisher about the payments and that Fisher informed her that Fisher had approved a retroactive raise for Battaglia for the prior two years. Battaglia added in substance that she had neither expected nor requested the salary increase.
- In FY 2009, three other RBSCC executives received the following compensation increases, rounded to the nearest thousand, authorized by "Status Change Forms" signed by Fisher in July 2008.¹⁹
 - In FY 2009, Wesley Hitner, as RBSCC's then-CFO/Controller and RBHC's Assistant Director for Administration, received, from RBSCC and RBHC, an increase of \$68,000 (56%) above his FY 2008 compensation, including \$31,000 in retroactive salary increases for February 2007 to July 2008. With the increase, Hitner's compensation in FY 2009 totaled \$190,000. Hitner told DOI that Fisher told him in advance that he would receive an increase based on his job performance.
 - The FY 2009 compensation of RBSCC's Assistant Executive Director ("AED") for Youth, Education and Training Services rose by \$53,000 (32%) above her FY 2008 compensation to \$219,000. That sum included retroactive salary increases totaling \$28,000 for February 2007 to July 2008. The AED told DOI that to the best of her recollection Fisher informed her in 2008 that her salary was being increased due to her longevity (19 years) and good performance. The AED said that she told Fisher on several occasions in 2008, 2009 and early 2010 that she was "not comfortable" with the increase because it put her salary above that of her RBSCC peers. The AED said that Fisher "felt strongly" that the AED's work justified her salary but finally agreed to reduce it in early 2010.

¹⁸ See RBSCC federal tax returns (IRS Form 990) filed May 14, 2010 and amended August 17, 2010.

¹⁹ *Id.*; RBHC federal tax return (IRS Form 990) filed May 4, 2009; RBSCC and RBHC payroll records for FY 2009.

An undated "Status Change Form" signed by Fisher reduced the AED's annual salary to \$150,000 "effective" January 1, 2010; RBSCC payroll records show that the reduction was first implemented in June 2010.

- In FY 2009, RBSCC's Assistant Director of Housing ("ADH") received an increase of \$37,000 (26%) above his FY 2008 compensation, including a \$24,000 bonus. With the increase, his FY 2009 compensation totaled \$182,000. The ADH said that he anticipated receiving a bonus, as he had once previously, from "developer fees" RBSCC received in connection with its housing activities.

RBSCC's Timekeeping Records

- DOI served RBSCC with a subpoena for various records, including the timesheets of Fisher, Battaglia, and Hitner. RBSCC produced some timesheets and represented to DOI that the following timesheets did not exist or could not be found.
 - Fisher's 2008 and 2009 timesheets for RBSCC were not produced, and DOI was informed by RBSCC's attorneys that they could not be found. (Fisher's timesheets for 2007 and 2010 were produced.)
 - No timesheets were produced for Battaglia. Kozlowski testified that no timesheets existed for Battaglia because Battaglia was never required to complete them. Battaglia, through her attorney, informed DOI that "at the direction" of Fisher, Battaglia did not fill out timesheets.
 - No timesheets were produced for Hitner for 2009 and 2010.
- The lack of timesheets for these key executives made it impossible for DOI to determine the validity of RBSCC's representations in federal tax returns regarding the number of hours that these executives worked.

City Agencies' Audits of Ridgewood Bushwick

Department of Youth and Community Development:

- As an update to a matter discussed in DOI's July 2010 VNC, in January 2011, the New York City Department of Youth and Community Development ("DYCD") completed an audit of three City Council discretionary-fund contracts in place at RBSCC's Youth Center between July 2007 and March 2010.²⁰ Based on the January 2011 audit findings, DYCD disallowed, and RBSCC agreed to repay, \$203,784 in expenses that were determined to be either undocumented, outside the

²⁰ The preliminary findings underlying DYCD's audit were previously discussed in DOI's July 2010 VNC at 7-8.

scope of the contracts, or otherwise improper.²¹ RBSCC has repaid \$81,514 as of October 3, 2011.

HRA

- In August 2011, HRA, the agency that administers the City-funded Home Care program, provided DOI with the results of an audit in which HRA made various findings summarized below:
 - RBHC overbilled HRA for a portion of Fisher's salary. Specifically, the HRA audit found that the budgets RBHC submitted to HRA for reimbursement represented that Fisher was required to work 23.5 hours per week for RBHC in 2007 and 2008 and 35 hours per week for RBHC in 2009 and 2010. However, Fisher's RBHC timesheets and payroll records for all four years reflected that she had worked only 17.5 hours per week for RBHC. Because of that discrepancy, HRA determined that in the four years covered by the audit RBHC paid Fisher a total of \$124,755 in "excess salary" charged to the HRA-funded home care program.
 - In 2007 and 2010 RBHC's Assistant Director for Administration authorized two disbursements totaling more than \$9,000 for expenses that appeared to be unrelated to RBHC's HRA-funded program. HRA concluded that two checks described in the audit as "counterfeit" were associated with those transactions.
 - HRA identified two unauthorized withdrawals totaling \$8,900 from RBHC payroll accounts in 2007 and 2009, one involving a check described in the audit as "counterfeit."
 - Between July 2005 and November 2010, RBHC issued 20 checks totaling approximately \$237,000 that lacked either required signatures or supporting documents.
 - HRA found various inconsistent or undocumented accounting entries by RBHC between July 2005 and April 2011 involving, among other transactions, a \$250,000 "duplicate" payment purportedly for payroll taxes; a "voided" check for about \$30,000 wrongly reported five years later as having cleared the bank; a \$1.24 million discrepancy between two bank reconciliations for FY 2008; two undocumented adjustments totaling approximately \$14,700 in bank reconciliations; and the prohibited commingling of funds received from two City agencies.
 - Eight RBHC checks totaling approximately \$83,000 remained outstanding for periods ranging from four to 10 years with no apparent effort to resolve them.

²¹ See DYCD, Final Audit Report Results and Determination: Ridgewood Bushwick Senior Citizens Council, Inc. (Jan. 3, 2011); Agreement to Pay Debt in Installments, Feb. 10, 2011, DYCD-RBSCC.

- o HRA found that, between 2001 and 2008, RBHC paid \$126,000 in legal fees to an attorney without soliciting bids, in contravention of HRA contract requirements. Moreover, HRA determined that RBHC had no documentation of the legal services provided for approximately \$51,000 of that amount, paid during FYs 2006 - 2008.²²

III. Additional Information

RBSCC's 2011 Compensation Study

While DOI was conducting this investigation, RBSCC, through its attorneys, retained Mercer, a consulting company, to "assess the market competitiveness" of the compensation of six RBSCC executives for calendar years 2008, 2009 and 2010 and its "reasonableness...according to [Mercer's] understanding of applicable standards of the Internal Revenue Code."²³ RBSCC's attorneys produced to DOI two reports prepared by Mercer, both dated March 4, 2011, which address, respectively, Fisher's compensation and that of five other RBSCC executives, identified by title. The five RBSCC executives, besides Fisher, whose compensation Mercer addressed are Battaglia, Hitner, the AED for Youth, Education and Training Services, the ADH of RBSCC, and a new CFO brought in during this investigation, in November 2010, who has since left RBSCC.²⁴ Mercer based its analysis on information provided by RBSCC.²⁵

Mercer compared Fisher's compensation with that of CEOs of other non-profit organizations, including seven identified by RBSCC and 26 selected by Mercer, and with data from industry compensation surveys selected by Mercer.

Mercer also compared Fisher's actual compensation from 1999 through 2010 as reported on her W-2 forms with her "annual targeted compensation." The figures presented by Mercer reflect that, in all but one of the nine years preceding 2008, Fisher's actual compensation was below her "targeted" compensation.²⁶ The Mercer Report regarding Fisher does not define the term "targeted compensation" or state when, how, or by whom the "targeted" figures were set, but the figures so labeled match the figures contained in the RBSCC Board resolutions dated February 2008, 2009, and 2010 regarding Fisher's compensation.

²² The HRA audit notes that the attorney who received those legal fees is now employed with RBSCC, and DOI has been informed that she holds the position of the Assistant to the Executive Director. She is no longer licensed to practice law in New York. The former attorney's mother is now the Interim Program Director of RBHC.

²³ See letters from Thomas Flannery, PhD., Mercer, to Wayne Baden, Esq. "Re: Christiana Fisher, RBSCC CEO" and "Re: RBSCC Executive Review," March 4, 2011 (collectively, the "Mercer Reports") at 2.

²⁴ The former CFO informed DOI that he left RBSCC due to, among other factors, differences with Fisher regarding the CFO's role in the organization, including his exclusion from parts of Board meetings and from the preparation of RBSCC's Second Amended Return, and his reluctance to sign documents regarding events that preceded his employment at RBSCC.

²⁵ Mercer Reports, at 1. As previously mentioned, DOI determined that no comparable compensation study was prepared or performed before the RBSCC increases were awarded. See *supra* pp. 7-8. Mercer's compensation study was performed at RBSCC's request several years after the increases were paid and after DOI initiated this investigation.

²⁶ Mercer Report Re: Fisher, at 6.

Mercer stated that the substantial increase in Fisher's actual compensation in 2008-2009 was "catching up for low compensation in previous years," referring specifically to the differences between Fisher's actual and "targeted" compensation dating back to 1999, which Mercer referred to as "arrears." Mercer also observed that the multi-year pattern of Fisher's salary adjustments "is not a typical approach. More common is where pay is adjusted on a regular, mostly annual, basis."²⁷

Mercer also stated that Fisher's total compensation in calendar year 2008, approximately \$654,000, was "above the market average and median but well within market boundaries."²⁸ Mercer further opined that Fisher's compensation for the years 2008, 2009 and 2010 "is within market when compared with similarly situated positions in similarly situated organizations, both taxable and nontaxable."²⁹

With respect to Battaglia, Mercer compared her compensation for calendar years 2006 through 2008 with that of executives and managers with similar responsibilities in up to 11 other organizations, the majority of which reported much lower revenue and asset value than RBSCC. Mercer's report states in substance that, considering RBSCC's "significantly larger" size, based on its revenue and assets, and the "significance of housing to the overall mission of RBSCC, we would expect that [Battaglia] would be compensated at the upper end of this market."³⁰

According to Mercer, Battaglia's calendar year 2008 compensation was approximately \$300,000. Mercer reports that the median compensation in 2008 for the nine executives with whom Battaglia was compared was approximately \$101,000 and that one of the nine received more than Battaglia - approximately \$315,000.³¹

Mercer also assesses Battaglia's 2010 compensation, approximately \$252,000, using 10 statistical compilations drawn from compensation surveys by three consulting firms, including Mercer. Mercer states that Battaglia's compensation was above that of the executives included in three of the compilations, was "above the market median and generally between the 75th and 90th percentiles" of six compilations, and was "between the market median and the 75th percentile" of one compilation.

Mercer concludes that the compensation levels it reviewed with respect to Battaglia and the four RBSCC executives addressed in the same report were "reasonable according to [Mercer's] understanding of the reasonableness standards of the Internal Revenue Service."³²

²⁷ *Id.* at 15-16.

²⁸ *Id.* at 9.

²⁹ *Id.* at 17.

³⁰ Mercer Report Re: RBSCC Executives, at 9.

³¹ *Id.* at 8.

³² *Id.* at 13.

Conclusions of the Mercer Reports

The Mercer Reports, which were completed in 2011 after DOI's investigation was in progress, compare Fisher's and five other RBSCC executives' compensation levels in prior years with those of executives in other organizations. Mercer finds Fisher's compensation "within market" and the other RBSCC executives' compensation "reasonable" under IRS standards. The Mercer Reports do not address the issues of when, or by whom, the significant increases Fisher received in 2008 and 2009 were determined. Nothing in the Mercer Reports addresses the role, if any, of RBSCC's Board in establishing Fisher's compensation.

IV. Conclusion

In one year, from July 2008 through June 2009 (FY 2009), Christiana Fisher, Ridgewood Bushwick's chief executive, collected more than three-quarters of a million dollars from two Ridgewood Bushwick entities, RBSCC and RBHCC, including nearly a quarter-million dollars in lump sum payments in July-August 2008. Fisher's FY 2009 compensation was more than double the amount of her previous year's compensation.

The event that directly precipitated Fisher's increase occurred in July 2008, when Fisher personally gave RBSCC's Senior Accountant three "Status Change Forms" that nearly doubled Fisher's salary from RBSCC and generated the additional lump-sum payments. Although the forms bear the signature of RBSCC's former Board Chairperson, said chairperson told DOI that she did not remember signing them and did not know what Fisher's salary was or how pay increases were handled at RBSCC.

In August 2010, after questions were raised about the steep increase in Fisher's FY 2009 compensation, Fisher told RBSCC's external auditor/paid tax preparer in substance that the increase she received in 2008-09 consisted largely of retroactive pay covering "many years." To support that statement, Fisher produced the February 4, 2008 Resolution, which RBSCC later provided to DOI.

The February 2008 Resolution purports to reflect a Board decision made early in 2008, before Fisher's increase was implemented, to pay Fisher retroactively for her work during the preceding nine years. But the testimony of witnesses and records produced by RBSCC raise significant questions about the authenticity of the February 2008 Resolution, whether it accurately reflects a decision of the Board, and whether it had any bearing on the compensation Fisher actually received in FY 2009. The testimony and records that call the February 2008 Resolution into question include, *inter alia*, the following:

- The RBSCC executive who compiled the organization's documents for production to DOI told DOI that Fisher had given her the February 2008 Resolution during the summer of 2010 and later told her that it had been "recreated." No RBSCC executive or employee interviewed by DOI recalled seeing or having any knowledge of the February 2008 Resolution before the summer of 2010.
- All eight Board members who signed the February 2008 Resolution told DOI that they did not know the amount of Fisher's compensation. Six had no recollection

whatsoever of any Board discussion or approval of Fisher's compensation. Only two of the eight signers recalled any discussion of retroactive pay for Fisher. Neither of those two signers recalled any such discussion occurring as early as 2008, and one believed that it had occurred much later, specifically, in late 2009 or early 2010.

- The Board minutes for more than a three-year period, January 2007 through June 2010, contain no reference to any discussion or Board resolution concerning Fisher's compensation.
- The February 2008 Resolution is inconsistent with the three "Status Change Forms" produced to DOI by RBSCC. The "Status Change Forms" indicate that in July 2008, the month in which Fisher's increase was implemented, her salary was being adjusted retroactively for a period of one and a half years, not the nine years recited in the February 2008 Resolution.
- RBSCC's Second Amended Return, filed with the IRS and the New York State Attorney General's Office, acknowledged that RBSCC's process for determining executive compensation did *not* include "review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision," as RBSCC's two previous returns had incorrectly reported. The Second Amended Return also acknowledged that "in 2008 the CEO/Executive Director compensation decision was not approved by the entire Board."

In sum, DOI sought to obtain evidence that Ridgewood Bushwick's Board played a meaningful or deliberative role in setting Fisher's salary. By producing the February 2008 Resolution, RBSCC asserted that Fisher's receipt of more than three-quarters of a million dollars in FY 2009 resulted from the Board's decision to increase Fisher's salary for the preceding nine years. That assertion, insofar as it suggests that the Board, prior to Fisher's receipt of her increase, substantively considered Fisher's salary history and decided upon specific year-by-year retroactive "adjustments" for a nine-year period, is not borne out by the facts found in this investigation.

Finally, two City agencies, DYCD and HRA, have audited RBSCC and RBHC and have found numerous financial transactions that they concluded were improper or questionable.

Attachment 1

Ridgewood Bushwick Senior Citizens Council, Inc.

555 Bushwick Avenue
Brooklyn, New York 11206
718-621-0254 phone/718-417-9056 fax
www.rbccc.org

Christina M. Fisher
Executive Director

Departments:
Youth Education
307-0903

Housing
306-3500

Seniors Multi Services Center
309-0200

Respite Care
303-6391

Senior Centers/Residence
Attendants C
045-7264

Bornholm Plaza S.C.
707-0334

Diakon H. Jones S.C.
797-3901

Mano Gardens S.C.
455-1100

Ridgewood Bushwick S.
666-3038

Roundtable S.C.
443-1800

Estimotee Toolman
574-752

Hilltop Street
480-2122

BOARD RESOLUTION FEBRUARY 4, 2008

The Board hereby resolves to adjust the CEO's compensation according to the following schedule:

	12/31/08	\$350,000
	12/31/07	320,000
	12/31/06	320,000
	12/31/05	300,000
	12/31/04	300,000
	12/31/03	300,000
	12/31/02	300,000
	12/31/01	250,000
	12/31/00	250,000
	12/31/99	165,000

This resolution is based on the CEO's exemplary performance as evidenced by the agency's continued growth. Ms. Fisher has provided outstanding leadership and superior management. The Board finds her skills irreplaceable and the length of her tenure with Ridgewood Bushwick Senior Citizens Council should also be recognized as significant and valuable.

To Miaoling 212-631-0109
From Chris Fisher

1 page

Attachment 2

Ridgewood Bushwick Senior Citizens Council, Inc.

555 Bushwick Avenue
 Brooklyn, New York 11206
 718-821-0254 phone/718-417-9056 fax
 www.rbccc.org

Christiana M. Fisher
 Executive Director

BOARD RESOLUTION FEBRUARY 4, 2008

Departments
 Youth/Education
 361-6653

Housing
 368-3800

Queens Multi Service Center
 366-0200

Respite Care
 366-5991

Senior Centers/Residences
 Atlantic S.C.
 345-7994

Borinquen Plaza S. C.
 782-6334

Diane H. Jones S. C.
 782-3671

Hops Gardens S. C.
 455-1100

Ridgewood Bushwick S. C.
 366-3038

Roundtable S.C.
 443-1903

Evergreen Troutman
 574-7462

Himrod Street
 455-8022

Goodwin Place
 455-1186

Plaza de los Ancianos
 453-6688

Affiliated Services
 Home Attendant Services
 821-0254

Buena Vida Continuing Care
 & Rehabilitation Center
 455-6200

Board of Directors
 Lucy Cusimano, Chairperson
 Eileen Bowie, Secretary

Adela Mandig, Treasurer
 Soledad Cavallida

Maria Gomez
 Juan Marcano

Aracelia Milan
 Carmen Orlando

Robert Perry
 Rosalina Silva

Virginia Torres

The Board hereby resolves to adjust the CEO's compensation according to the following schedule:

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12/31/02	300,000.
12/31/01	250,000.
12/31/00	250,000.
12/31/99	165,309.

This resolution is based on the CEO's exemplary performance as evidenced by the agency's continual growth. Ms. Fisher has provided outstanding leadership and superior management. The Board finds her skills irreplaceable and the length of her tenure with Ridgewood Bushwick Senior Citizens Council should also be recognized as significant and valuable.

- Lucy Cusimano
- Eileen Bowie
- Adela Mandig
- Soledad Cavallida
- Maria Gomez
- Juan Marcano
- Aracelia Milan
- Carmen Orlando
- Robert Perry
- Rosalina Silva
- Virginia Torres

Lucy Cusimano

Eileen Bowie

Adela Mandig

Soledad Cavallida

Maria Gomez

Juan Marcano

Rosalina Silva

Virginia Torres
