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DOI INVESTIGATION FINDS CITY DEPARTMENT OF HOMELESS SERVICES DOES NOT SCREEN FOR CRIMINALITY BEFORE PLACING HOMELESS FAMILIES

Mark G. Peters, Commissioner of the New York City Department of Investigation (“DOI”), released a Report today on the New York City Department of Homeless Services’ (“DHS”) commercial hotel procurement process for homeless families with children. The Report found that DHS’ procurement process did not consider criminal activity at prospective hotels prior to placing families with children at those locations. In two instances in the Bronx, DOI investigators found homeless families with children sharing the same facilities as prostitution enterprises and uncovered troubling observations and interactions by homeless residents that included a proposition to work as a prostitute to supplement income. DOI’s Report also identified dozens of prostitution-, assault- and controlled substance-related arrests on the premises of commercial hotels housing homeless families with children throughout the City. Based upon this Report, DHS has agreed to recommendations that will strengthen its protocols for vetting potential hotel sites and mitigate risks associated with ongoing criminal activity at those hotel sites identified as potentially harboring criminal activities. A copy of DOI’s Report follows this release and can be found at the following link: <http://www1.nyc.gov/site/doi/newsroom/public-reports.page>

DOI Commissioner Mark G. Peters said, “There is no more important obligation than providing safe shelter to homeless children and families. DOI’s investigation found several safety concerns that require immediate attention. We are pleased that DHS has recognized these concerns and is working with DOI to put measures in place to solve this problem.”

“The safety of homeless New Yorkers is our top priority. We share DOI’s concerns and thank them for shedding light on this issue,” said Department of Social Services Commissioner Steven Banks. “Upon being notified of safety concerns requiring immediate action, we took immediate action, relocating families or occupying locations entirely, as DOI recommends and recognizes in this report. We are working closely with our NYPD management team to evaluate remaining as well as new locations to ensure the safety of our homeless families as we phase out the use of commercial hotels once and for all.”

According to DOI’s investigation, DHS did not assess prospective hotels against indicators of potential illicit activity prior to client placement, or shortly thereafter in the case of emergency placements. DOI Investigators reviewed arrest incidents between January 1, 2017 and August 10, 2017, and found arrest incidents had occurred on the premises of 34 of the City’s 57 commercial hotels housing homeless families with children. Among those incidents were 59 prostitution-related arrests, 34 assault-related arrests and 11

arrests for controlled substances. The existence of red flags at these 34 sites does not, of itself, demonstrate a need to close all of these sites, but it does demonstrate a need for DHS to perform safety assessments.

DOI investigators also identified suspicious booking patterns at both the Bronx Days Inn and the Bronx Super 8 Hotel, including an individual who purchased as many as 77 nights during the period examined. In some instances, these individuals paid for their stays all in cash, which is typical of prostitution promoters who use all-cash transactions to anonymize their illicit activities. DOI also found that simple internet searches of the Bronx Days Inn and Bronx Super 8 Hotel addresses along with keywords such as "escort" would result in several links to websites promoting prostitution and containing the contact information and addresses of these hotels.

DHS has agreed to DOI's recommendation that it will enhance its commercial hotel for families with children approval criteria to include a public safety component that will identify possible criminal activities occurring at prospective hotels. DHS has also agreed to, where possible, reserve an entire hotel for families with children, rather than a portion, to eliminate the possibility of DHS clients sharing locations with criminal behavior. DOI Commissioner Peters thanked Steven Banks, Commissioner of the Department of Social Services, which oversees the Department of Homeless Services, and his staff, for their cooperation in this investigation.

The investigation was conducted by DOI's Office of the Inspector General for DHS, specifically Special Investigator Wai Yu, Senior Data Analyst Calvin Lam, Special Investigator John Keegan, Special Investigator Julia Turret, Special Investigator Gladys Quizhpi, Special Investigator Jeremy Reyes, and Deputy Inspector General John Bellanie, under the supervision of Inspector General Milton Yu, Associate Commissioner Susan Lambiase, Deputy Commissioner/Chief of Investigations Michael Carroll, and First Deputy Commissioner Lesley Brovner, and with assistance from NYPD Detectives assigned to DOI.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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New York City Department of Investigation

**Illicit Activities at Hotels Used by the Department of Homeless Services
To Provide Shelter to Homeless Families with Children**

**MARK G. PETERS
COMMISSIONER**

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EXECUTIVE SUMMARY

In early 2017 the Department of Investigation (DOI) began examining the Department of Homeless Services' (DHS) commercial hotel procurement process in connection to a complaint of illicit activities occurring at the Bronx Days Inn, a commercial hotel used by DHS to house homeless families with children. DOI's inquiry subsequently extended to the Bronx Super 8 Hotel because it is operated by the same entity as the Bronx Days Inn and is also used by DHS to house homeless families with children. During the period examined, DOI found homeless families with children to have shared the same hotel facilities as prostitution enterprises at the Bronx Days Inn and at the Bronx Super 8 Hotel. Such proximity to criminal enterprises introduces risks to an already vulnerable population, including violence associated with prostitution enterprises, and the recruitment of DHS clients into the same criminal enterprises. In the course of the investigation, DOI also examined and found that DHS did not consider criminal activity or other indicators of possible criminality at prospective hotels prior to placing families with children at the hotels.

DOI recognizes that the temporary use of commercial hotel rooms is integral to DHS' strategy to end cluster sites¹ and increase the number of contracted shelters,² but DHS must develop and use indicators of potential criminality in its placement decisions to ensure families with children are housed safely. DOI recommends DHS enhance its hotel selection process to identify those prospective hotels that may harbor illegal and dangerous activities and implement a strategy to mitigate the risks associated with illegal and dangerous activities, including having DHS clients occupy the entire hotel when possible to lower the risk of exposure to illegal and dangerous activities, as has been done in the case of the two Bronx hotels. DHS has reviewed and accepted DOI's specific recommendations, set forth at the end of this Report. DOI notes DHS' ongoing cooperation in this matter and believes that these steps by DHS, when implemented, will significantly reduce the risks noted in this Report. As with all accepted agency recommendations, DOI will conduct a follow-up review of implementation.

BACKGROUND

In July 2017, DHS ended its use of emergency procurement³ to obtain commercial hotel rooms to house a portion of the City's homeless population. In its place, DHS implemented a

¹ Cluster sites are privately-owned residential buildings that house both privately-renting tenants and DHS homeless clients. Cluster sites are considered a "shelter substantially similar to a house or an apartment . . . which includes individual private cooking areas and private bathrooms." 18 NYCRR § 900.1 (LexisNexis 2014). DHS is closing its cluster site shelters because cluster have been found to have the most egregious violations of health and safety, along with little to no social service programs, among all DHS shelters. Moreover, many cluster site providers operate without a City contract and no corrective enforcement mechanism is available to DHS.

² In January 2016, the Mayor of New York City announced a multi-year plan by which the New York City Department of Homeless Services (DHS) intends to end the use of "cluster sites" to house homeless individuals and families, and replace cluster site housing with additional homeless shelters. However, until DHS is able to open a sufficient number of shelters to accommodate both closing cluster sites and an increasing homeless population, DHS has increasingly relied on housing homeless individuals and families at commercial hotels.

³ Generally, a City agency must comply with the procurement laws and rules set forth in the New York City Charter and the Rules of the City of New York if it is to procure goods, services, or construction using City funds. Specifically, the Procurement Policy Board (PPB) Rules prescribe the requirements of City procurement. However, the PPB Rules allow for expedited procurements in the event of emergencies. PPB defines an emergency as "an unforeseen danger to life, safety, property, or a necessary service." *See* PPB Rule Section 3-06(e). To use the emergency procurement exception, a City agency must make a formal declaration that an emergency exists. Thereafter, the Comptroller's Office and Corporation Counsel may acknowledge the emergency condition and approve the agency's request. If

process in which it contracted vendors to three-year terms to find both social service providers and commercial hotel rooms for DHS clients.⁴ Under these contracts, the vendors procure commercial hotel rooms and negotiate flat rates conforming to DHS-set payment rates per unit, in addition to providing social services to DHS clients.

Once the vendor identifies a prospective commercial hotel, it refers the commercial hotel to DHS for approval. According to DHS officials, DHS evaluates suitability of commercial hotels based upon:

- Location;
- Rates;
- Number of available units; and
- Results of a DHS site inspection.

However, crime and/or arrest data occurring on or near the premises of the prospective hotels is not considered in DHS' evaluation of whether hotels are suitable to house homeless families with children. When DOI examined the Bronx Days Inn and the Bronx Super 8 Hotel using detailed criteria that examined booking patterns at hotels, all-cash transactions at hotels, and hotel references at internet websites advertising illicit activities, DOI determined a substantial likelihood of illicit activities occurring at both hotels that were otherwise undetected by current DHS commercial hotel selection criteria. DOI's findings were subsequently confirmed through DHS client interviews and the arrest of a prostitution promoter who used the hotels for sex trafficking that exploited and abused women and minor girls.

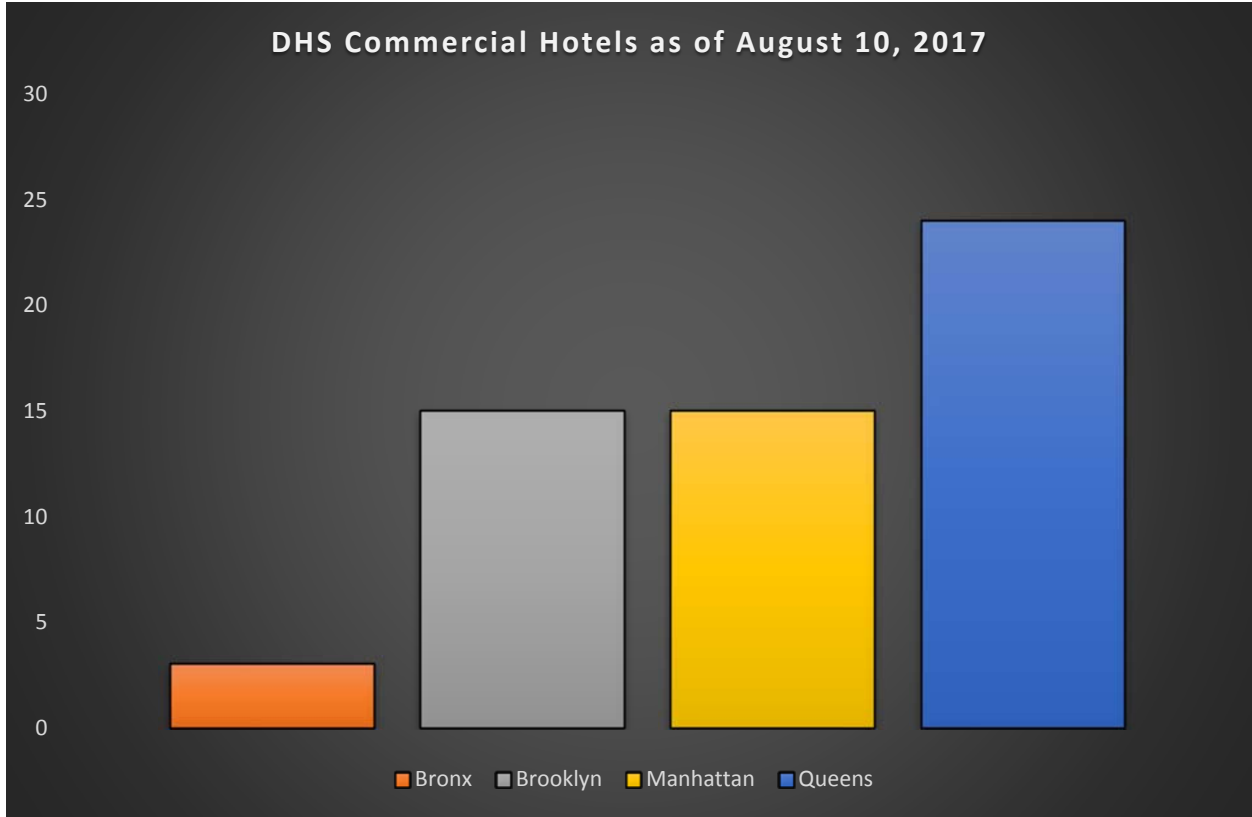
approved, the City agency may use the emergency procurement exception, which bypasses the usual solicitation of documents, notices, and other procedural requirements in non-emergency conditions.

⁴ At this time, DHS is seeking to replace its current emergency procurement process and enter into master agreements with vendors to provide borough-based shelter and services as an alternative to short term shelter placement and to enhance client services and control costs. Under Master Contracts, during the commercial hotel phase out, DHS would pay vendor(s) to procure reservations at current commercial hotels in Brooklyn, Queens, Manhattan, and the Bronx, manage this emergency portfolio and address the need for emergency placements as such need may arise, and provide social services to residents at the facility and all costs associated with managing their portfolio(s). The current average per night commercial hotel rentals under the emergency procurement process are \$174 per family and \$85 per single adult (based on two beds per room). Under this master agreements approach, DHS expects vendors to control rental costs and negotiate flat monthly rates that accommodate peak pricing in the Summer and Fall. Negotiated Acquisition Emergency Shelter Social Services in Commercial Hotels, EPIN-07117N0005, Page 4, December 21, 2016.

ILLCIT ACTIVITIES IN DHS COMMERCIAL HOTELS

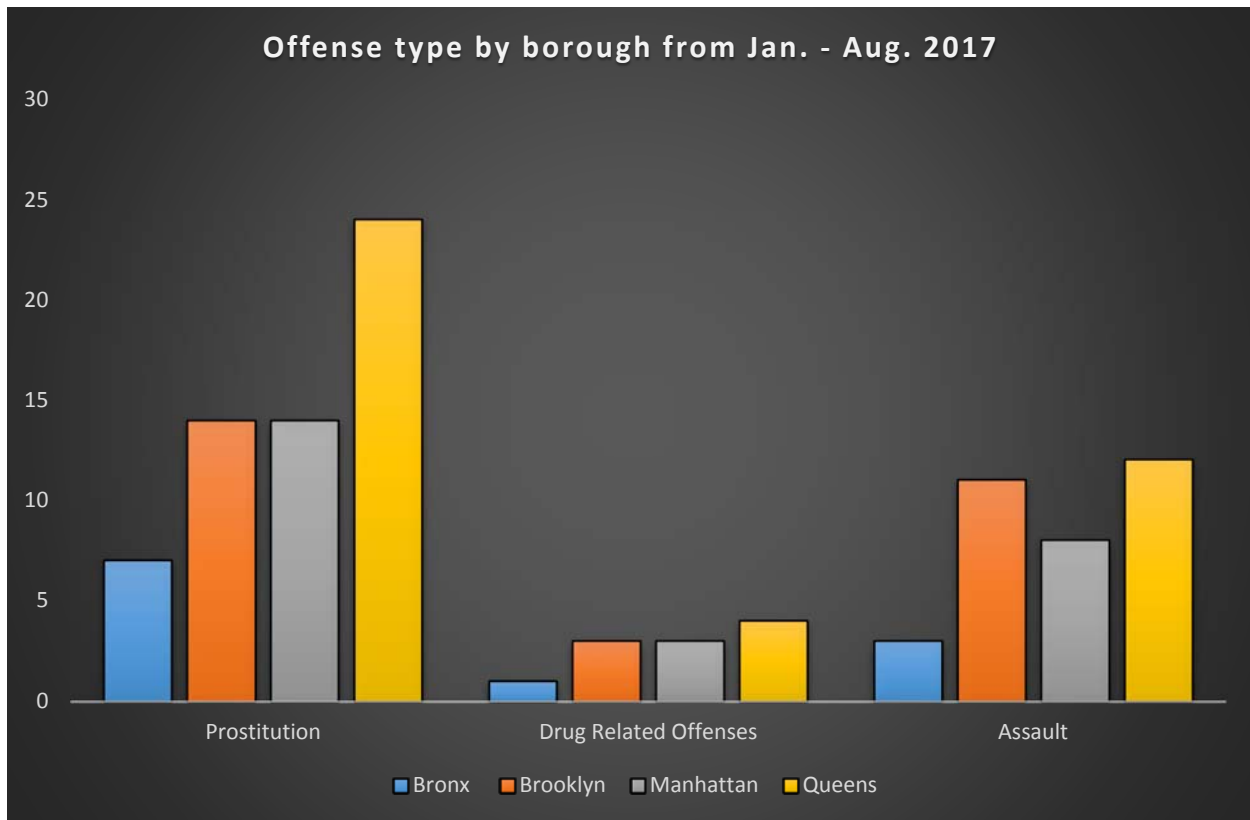
HOUSING FAMILIES WITH CHILDREN

As of August 10, 2017, DHS housed homeless Families with Children⁵ at 57 commercial hotels throughout New York City (except in Staten Island): 24 in Queens; 15 in Manhattan; 15 in Brooklyn; and three in the Bronx.



Between January 1, 2017, and August 10, 2017, DOI found that arrests occurred on the premises at 34 of the hotels. Among those were 59 prostitution-related arrests, 34 assault-related arrests, and 11 controlled substance-related arrests, accounting for a total of 104 arrests (Exhibit A, attached).

⁵ DHS considers Families with Children to be households having families with children younger than 21 years of age, pregnant women, or families with a pregnant woman.



Analysis of the Bronx Days Inn

Booking patterns at the Bronx Days Inn

DOI performed a detailed analysis of two hotels in the Bronx, the Bronx Days Inn and the Bronx Super 8 Hotel, examining booking patterns, cash transactions, and advertisements on internet websites.

As shown in Table 1 below, DOI examined the booking records of the Bronx Days Inn, a hotel housing homeless Families with Children for which DOI had received a specific complaint,⁶ for the period between January 1, 2017, and September 30, 2017. DOI found at least 12 individuals who purchased stays of at least 11 nights at the hotel over several weeks or months. One individual identified as “L.J.” purchased as many as 77 nights during the period examined. Another individual identified as “R.H.” purchased 23 nights, all paid in cash. Prostitution promoters typically use all cash transactions at hotels to anonymize their workers and hide their illicit activities. “R.H.” also appears to be an individual having a criminal history involving prostitution-related offenses.⁷

⁶ In June 2017, DOI informed DHS of its findings of illicit activities occurring at the Bronx Days Inn. Shortly thereafter, DHS removed all its clients from the hotel. Therefore, the Bronx Days Inn is not counted in the commercial hotels housing Families with Children as of August 10, 2017 figures.

⁷ In circumstances where identification documents, such as government identification cards or credit cards, were unavailable, DOI conducted a data match of the name appearing on the hotel guest registry with the criminal history database E-Justice and selecting those subjects having prior arrests at or near the subject hotel’s address.

TABLE 1: Bronx Days Inn Booking Patterns

Customer	Nights Purchased	Payment Type	Criminal History*
L.J.	77	Cash.	Undetermined.
A.W.	34	Cash.	Undetermined.
C.R.	26	Cash and credit card.	Yes.
S.C.	26	Cash.	Undetermined.
R.H.	23	Cash.	Yes.
S.P.	22	Cash.	Undetermined.
R.V.	21	Cash.	Undetermined.
W.D.	36	Cash and credit card.	Undetermined.
G.C.	13	Credit card.	Undetermined.
S.M.	13	Cash and credit card.	Yes.
D.P.	12	Cash and credit card.	Undetermined.
A.P.	11	Cash and credit card.	Yes.
N.D.	9	Cash and credit card.	Undetermined.
S.M.	6	Cash.	Yes.
S.C.	4	Credit card.	Yes.

* Matches name of individual with prior prostitution-related arrest.

Police activity at the Bronx Days Inn

DOI examined the New York City Police Department (NYPD) arrest history occurring at the Bronx Days Inn for the period between January 1, 2017, and August 10, 2017, which showed five arrests occurred at the Bronx Days Inn involving prostitution offenses.

DHS client statements at the Bronx Days Inn

DOI interviewed several DHS clients who were residents at the Bronx Days Inn. DHS client R.L. stated that on several occasions while inside the hotel, she observed women dressed in lingerie walking in the hallway and leading men into various hotel rooms. R.L. stated that, on one occasion, an unknown man approached her in the hotel and told her that he knew she was homeless and offered her work as a prostitute to supplement her income.

DHS client P.S. stated she also observed women in the hotel dressed in lingerie in public areas. On one occasion, she stopped to speak to one such woman who informed her that she was working as a prostitute at the hotel. This woman also told P.S. that she was directed by the prostitution promoters to stay in her hotel room until a client appeared. The woman further told P.S. that clients were given directions to the hotel and room number over the telephone by a promoter, and that a promoter remained in the lobby of the hotel until the client arrived, at which point the promoter directed the hotel receptionist to allow the client entry by indicating that the client was “good” or that “he’s with me.”

Analysis of the Bronx Super 8 Hotel

Booking patterns at the Bronx Super 8 Hotel

As shown in Table 2 below, DOI examined the booking records of the Bronx Super 8 Hotel, which is owned by the same entity as the Bronx Days Inn, between January 1, 2017, and September 30, 2017. DOI found seven individuals who purchased stays of at least 15 nights at the hotel over

several weeks or months. One individual identified as “W.W.” purchased as many as 53 nights during the period examined at a cost of over \$7,600 paid in cash. “W.W.” also appears to be an individual having a criminal history involving prostitution-related offenses. Two individuals whose names appeared at the Bronx Super 8 Hotel booking records also appeared on the booking records at the Bronx Days Inn for the same period examined.

TABLE 2: Bronx Super 8 Hotel Booking Patterns

Customer	Nights Purchased	Payment Type	Criminal History*
W.W.	53	Cash.	Yes.
A.P.	52	Cash.	Undetermined.
M.G.	41	Cash.	Undetermined.
B.D.	26	Cash and credit card.	Undetermined.
S.C.	25	Cash and credit card.	Yes.
S.W.	17	Undetermined.	Undetermined.
W.WA.	15	Cash.	Undetermined.
R.H.	3	Undetermined.	Yes.

* Matches name of individual with prior prostitution-related arrest.

Police activity at the Bronx Super 8 Hotel

DOI examined the NYPD arrest history occurring at the Bronx Super 8 Hotel for the period between January 1, 2017, and August 10, 2017, which showed seven arrests for prostitution-related offenses and three arrests for assault-related offenses.

Basic internet search engine queries revealed illicit activities at the Bronx Days Inn and the Bronx Super 8 Hotel

DOI found that basic queries of the Bronx Days Inn’s and Bronx Super 8 Hotel’s address along with words such as “escort” using widely available internet search engines resulted in several internet links to websites promoting prostitution containing contact information and directing viewers to specific locations having the same addresses as the Bronx Days Inn and the Bronx Super 8 Hotel.

Federal indictment of sex trafficking enterprise operating from Bronx hotels including Bronx Days Inn and the Bronx Super 8 Hotel

On October 4, 2017, the Federal Bureau of Investigation (FBI) arrested Adrian Brooks on an indictment charging him with operating a sex trafficking and prostitution enterprise that exploited and abused women and minor girls.⁸ According to the allegations in the federal indictment, from at least 2014, Brooks operated a sex trafficking enterprise out of “motels” in the Bronx and Yonkers, that recruited and exploited minor girls and forced them to engage in sexual acts for his own profit. It is also alleged that Brooks forced some of his victims to become addicted to prescription pain medication in order to control his victims and punished disobedience through

⁸ <https://www.justice.gov/usao-sdny/pr/bronx-man-charged-manhattan-federal-court-sex-trafficking-minors-and-other-related>. Last visited January 2, 2018.

physical violence. According to FBI officials, Brooks used the Bronx Days Inn and the Bronx Super 8 Hotel during this period to further his criminal enterprise.

Based on this investigation, DHS now has clients occupy the entire facility at the Bronx Days Inn and the Bronx Super 8 Hotel to avoid further exposure to illicit activities.⁹

CONCLUSION

DOI found that because the DHS commercial hotel procurement process did not consider criminal activity or other possible indicators of criminality at prospective hotels prior to placement decisions, homeless Families with Children have shared the same facilities as prostitution enterprises at City sanctioned and financed shelter facilities such as the Bronx Super 8 Hotel and the Bronx Days Inn. Such proximity to criminal enterprises introduce unnecessary risks to an already vulnerable population, including prostitution, violence associated with prostitution enterprises, drugs, and the recruitment of DHS clients, including children, into those prostitution enterprises. DHS has agreed to implement DOI's recommendations set forth below.

Because the temporary use of commercial hotel rooms is integral to DHS' strategy to end cluster sites and increase the number of contracted shelters, and because this strategy will be in place at least for the next three years,¹⁰ thousands of Families with Children will need to be housed in DHS commercial hotels during that period. Based on DOI's analysis of DHS' 57 commercial hotels housing Families with Children that showed criminal activity in 34 locations, it is reasonable to infer that these families are at risk of being exposed to criminal activities while residing at certain of these hotels. (The existence of red flags at these 34 sites does not, of itself, demonstrate a need to close all of these sites, but it does demonstrate a need for DHS to perform safety assessments.) Therefore, it is imperative that DHS executes its commercial hotel program in a way that ensures the public safety of DHS clients, in addition to being fiscally responsible.

Cost, although a primary factor in commercial hotel selection, should be considered alongside public safety of DHS clients. DHS should take into account the likelihood of ongoing criminal activities occurring at a prospective hotel before approving the hotel to house homeless families with children. With DHS' integration of its NYPD Management Team in January 2017¹¹ to oversee security at shelters, DHS now has access to critical crime data and statistics. DHS should leverage that access to identify prospective hotels that show evidence of systemic and ongoing criminal activities and implement a strategy to mitigate the risks associated with those activities.

RECOMMENDATIONS

1. DHS should enhance its commercial hotel for families with children approval criteria to include a public safety component that will identify possible criminal activities occurring at prospective hotels. In the event immediate, emergency placements need to be made, DHS should assess the hotel for public safety within a short time after the placements are made, but in cases of non-emergency placements this analysis should occur prior to client placements.

⁹ DHS initially removed all DHS clients from the Bronx Days Inn to protect their safety and subsequently re-let the entire hotel, thus mitigating these risks.

¹⁰ DHS issued three-year term of DHS' negotiated acquisitions for vendors procuring commercial hotel rooms as shelters.

¹¹ <https://www1.nyc.gov/site/dhs/about/press-releases/nypd-dhs-security-release.page>. Last viewed January 2, 2018.

2. For those families with children hotels DHS has identified as possibly harboring criminal activities, DHS should have its clients occupy the entire hotel rather than a portion to eliminate the possibility of criminal enterprises using the commercial-rate rooms for criminal activities, or withdraw its families with children clients from the hotel entirely.

DHS has reviewed DOI's recommendations and has agreed to implement them. DHS and DOI have already discussed certain procedures that can be taken to further this process, although for reasons of security these procedures will not be set forth in public documents at this time. However, these procedures are important steps that are reasonably calculated to better ensure safety at commercial hotels serving homeless Families with Children.

Exhibit A: Commercial Hotel Arrests January – August 2017

Borough	Hotel	Prostitution Arrests	Drug Arrests	Assault Arrests	Total
Bronx	Hotel 1	7	0	3	10
Bronx	Hotel 2	0	1	0	1
Bronx	Hotel 3	0	0	0	0
Brooklyn	Hotel 4	0	0	2	2
Brooklyn	Hotel 5	0	2	0	2
Brooklyn	Hotel 6	0	0	1	1
Brooklyn	Hotel 7	0	0	0	0
Brooklyn	Hotel 8	1	0	0	1
Brooklyn	Hotel 9	4	0	2	6
Brooklyn	Hotel 10	0	0	3	3
Brooklyn	Hotel 11	0	0	1	1
Brooklyn	Hotel 12	0	0	0	0
Brooklyn	Hotel 13	2	0	0	2
Brooklyn	Hotel 14	0	0	0	0
Brooklyn	Hotel 15	0	0	0	0
Brooklyn	Hotel 16	1	0	0	1
Brooklyn	Hotel 17	1	1	0	2
Brooklyn	Hotel 18	5	0	2	7
Manhattan	Hotel 19	0	0	0	0
Manhattan	Hotel 20	1	0	0	1
Manhattan	Hotel 21	0	0	0	0
Manhattan	Hotel 22	0	0	0	0
Manhattan	Hotel 23	1	0	0	1
Manhattan	Hotel 24	0	0	0	0
Manhattan	Hotel 25	10	1	3	14
Manhattan	Hotel 26	0	0	1	1
Manhattan	Hotel 27	0	0	0	0
Manhattan	Hotel 28	1	0	0	1
Manhattan	Hotel 29	0	0	2	2
Manhattan	Hotel 30	0	0	1	1
Manhattan	Hotel 31	0	2	0	2
Manhattan	Hotel 32	1	0	1	2
Manhattan	Hotel 33	0	0	0	0
Queens	Hotel 34	0	0	0	0
Queens	Hotel 35	5	0	2	7
Queens	Hotel 36	4	0	0	4
Queens	Hotel 37	0	0	0	0
Queens	Hotel 38	2	0	0	2
Queens	Hotel 39	3	0	1	4

Queens	Hotel 40	2	0	2	4
Queens	Hotel 41	4	0	2	6
Queens	Hotel 42	0	0	0	0
Queens	Hotel 42	1	0	0	1
Queens	Hotel 44	0	0	0	0
Queens	Hotel 45	0	0	0	0
Queens	Hotel 46	0	0	0	0
Queens	Hotel 47	1	1	1	3
Queens	Hotel 48	0	0	0	0
Queens	Hotel 49	0	0	1	1
Queens	Hotel 50	0	0	0	0
Queens	Hotel 51	0	0	0	0
Queens	Hotel 52	0	0	1	1
Queens	Hotel 53	0	0	1	1
Queens	Hotel 54	0	0	0	0
Queens	Hotel 55	0	0	0	0
Queens	Hotel 56	2	3	1	6
Queens	Hotel 57	0	0	0	0
	TOTAL	59	11	34	104