



February 1, 2008

Steven Sachs, Director  
Community Planning & Development  
San Francisco Regional HUD Office  
600 Harrison Street, 3rd Floor  
San Francisco, CA 94107-1300

LAS VEGAS CITY COUNCIL

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NEIGHBORHOOD SERVICES  
DEPARTMENT

DIRECTOR  
STEPHEN K. HARSIN, AICP

CITY OF LAS VEGAS  
400 STEWART AVENUE  
LAS VEGAS, NEVADA 89101

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Dear Mr. Sachs:

Re: HOPWA Program – Diversity Leadership Institute (DLI)

In a letter dated January 14, 2008, from HUD to the City of Las Vegas (City), HUD stated that they had received an inquiry by a former board member of DLI that has alleged improprieties by DLI. HUD also requested that the City provide a formal response to HUD regarding the results of the City's investigation of DLI. The following are the results of the City's investigation:

In 2005, the City and DLI entered into an agreement whereby the City provided \$114,750 in Housing Opportunities for Persons With AIDS (HOPWA) funds to DLI to purchase the two-bedroom condominium property at 7054 Burcot Avenue, L-45, Las Vegas, NV, 89156, to provide services in accordance with HOPWA regulations. The City's Neighborhood Services Department recorded a deed of trust on the property, on April 4, 2005 to secure the \$114,750. As part of the deed of trust, DLI agreed to operate the property as affordable housing for renters per applicable HOPWA program regulations for a period of 10 years.

DLI and the condominium property were last monitored by the City on August 3, 2006. The City monitoring included review of documentation included verification of HIV/AIDS, income, and a site visit of the condominium property which confirmed that the two residents were both formerly incarcerated women with HIV/AIDS.

According to the current Clark County Assessor records, Church of STUHF in Riverside, CA is listed as the owner. The Assessor's office indicates that the last sale was for \$132,000, dated July 27, 2007. Please be advised that the city of Las Vegas still has a first Deed of Trust on this property.

The agreement between the City and DLI clearly states that DLI cannot transfer the condominium property without repaying the City's HOPWA investment of \$114,750. We were unaware of this sale, because DLI did

not use an escrow agent to complete the sale. We first became aware of a problem in early January 2008, after being contacted by a former Board member and our HUD representative.

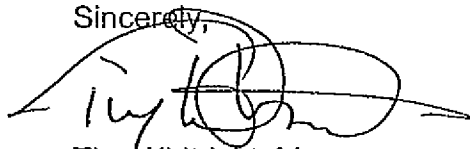
In early January 2008, the City attempted to contact Consuelo McCuin, Executive Director of DLI, by telephone and email and was not successful. Subsequently, the City sent a letter on January 16, 2008, to Ms. McCuin of DLI requesting that \$114,750 to be re-paid to the City. DLI was given until January 31<sup>st</sup> to respond. Despite several additional attempts to contact DLI, no response or repayment of funds has been received from DLI to date.

The property is currently vacant and the current owner, Church of STUHF, is trying to sell the property. On January 24th, the City's Neighborhood Development Division staff and the HUD representative both went to visit DLI's offices and the home of DLI's Executive Director, Consuelo McCuin, at 1110 Ralston, Las Vegas, NV 89106, which was found to be in foreclosure. Also on January 24th, the City's Neighborhood Development Division staff and HUD representative both visited the HOPWA-funded condominium on Burcot Avenue which was found with a for sale sign that read it was in a quiet auction sale.

On January 31<sup>st</sup>, the City's Neighborhood Development Division contacted the City Attorney to immediately initiate foreclosure proceedings on the HOPWA-funded Burcot property to ensure that the City's Federally assisted assets is protected. The City sent documentation including letters, HOPWA agreement, deed of trust, ownership information, and other documents on the DLI condominium to the City Attorney's office for review. The Neighborhood Development Division requested the City Attorney collect the full amount of \$132,000 from the sale of this property from DLI, per the HOPWA regulations (24 CFR Part 574).

The City's Neighborhood Development Division will give updates to HUD on the progress of the City's efforts in recovering this asset. If you have any questions, please contact Chris Anderson, AICP, Senior Neighborhood Programs Officer, at 229-6370.

Sincerely,



Tim Whitright, Manager

Cc: Sue Prescott, Supervisor  
Chris Anderson, Sr. NPO  
Roy Porter, HUD-LV



March 6, 2008

Steven Sachs, Director  
Community Planning & Development  
San Francisco Regional HUD Office  
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CITY MANAGER

NEIGHBORHOOD SERVICES  
DEPARTMENT

DIRECTOR  
STEPHEN K. HARSIN, AICP

Dear Mr. Sachs:

Re: HOPWA Program – Diversity Leadership Institute (DLI)

The city of Las Vegas (City) Neighborhood Services Department received from HUD the letter dated February 20, 2008 concerning the DLI property. In the letter, HUD requested that the City provide HUD with an updated status about the DLI property located at 7054 Burcot Avenue.

In early February, we sent a history of the property and information to the City Attorney's office to initiate foreclosure proceedings on the property. City staff met on February 22nd about the foreclosure with Steve Carter, Title Officer for National Title, and Bob Sylvain, Deputy City Attorney, at the National Title office. National Title provided the City with a foreclosure estimate on the total fees for the \$115,000 sale of the property. Foreclosure title fees required are \$2,381.00 and there are also delinquent property taxes of \$1,117.00.

Steve Carter sent City staff a preliminary title report on the property. According to the Title Report, the City has the first deed of trust on the property. City staff was advised by National Title that the foreclosure process would take around four months to complete by June 23, 2008. The City Attorney is preparing the documents necessary to foreclose on the property which must be approved by the City Council. The City expects to acquire the property and be in compliance with the HOPWA program.

The City's Neighborhood Development Division will give updates to HUD on the progress of the City's efforts in recovering this asset. If you have any questions, please contact Chris Anderson, AICP, Senior Neighborhood Programs Officer, at 229-6370.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Whitright", is written over a circular stamp or seal.

Tim Whitright, Manager

Cc: Sue Prescott, Supervisor  
Chris Anderson, Sr. NPO  
Roy Porter, HUD-LV

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U.S. Department of Housing and Urban Development  
Phoenix Field Office  
Community Planning and Development  
One North Central Avenue, Suite 600  
Phoenix, AZ 85004  
www.hud.gov

FEB 20 2008

Tim Whitright  
Manager, Neighborhood Development Division  
Neighborhood Services Department  
City of Las Vegas  
400 Stewart St.  
Las Vegas, NV 89101-2986

Dear Mr. Whitright:

Subject: Housing Opportunities for Persons with AIDS (HOPWA) Program - Diversity  
Leadership Institute (DLI)

Thank you for your response dated February 1, 2008, relative to the inquiry we sent you January 14, 2008, pertaining to the allegations of several improprieties by DLI, a nonprofit subrecipient of the City of Las Vegas' HOPWA program.

Based upon your investigation, it appears the allegations may have merit, because DLI is no longer providing services to HIV/AIDS clients in the Las Vegas area. In addition, your investigation concludes that DLI, who purchased it with HOPWA funds, has sold the property to the Church of STUHF without properly notifying the City of its actions or repaying the HOPWA funds.

We are pleased that the City is taking actions to protect its HOPWA investment, however, please be advised that if the City is unable to place this property back into compliance or if the City is unable to obtain repayment by DLI, the City will be required to reimburse its HOPWA program from non-federal resources. Please provide this office with an updated status report concerning this matter by March 15, 2008.

If you have any questions, please contact me at (415) 489-6598 or Mr. M. Roy Porter, Senior Community Planning and Development Representative, at (702) 366-2113.

Very sincerely yours,

A handwritten signature in black ink that reads "Steven B. Sachs".

Steven B. Sachs,  
Director, Community Planning  
and Development Division

cc: Mr. Stephen Harsin  
Director, Neighborhood Services Dept.



U.S. Department of Housing and Urban Development  
Phoenix Field Office  
Community Planning and Development  
One North Central Avenue, Suite 600  
Phoenix, AZ 85004  
www.hud.gov

MAR 20 2008

Tim Whitright  
Manager, Neighborhood Development Division  
Neighborhood Services Department  
City of Las Vegas  
400 Stewart St.  
Las Vegas, NV 89101-2986

Subject: City of Las Vegas' Housing Opportunities for Persons  
with AIDS (HOPWA) Program - Diversity Leadership Institute (DLI)

Dear Mr. Whitright:

This letter is to acknowledge the update status report, dated March 6, 2008, in regard to the inquiry we sent you January 14, 2008, pertaining to several improprieties by Diversity Leadership, a nonprofit subrecipient of the City of Las Vegas' HOPWA program.

We understand the City is moving forward in re-securing the property that had been acquired by DLI for use in the City's HOPWA program. Should the City receive funds from the supposed sale of the HOPWA property to the Church of STUHF these sales proceeds would be considered program income, and should be used for HOPWA activities.

Based upon the information provided to us, we understand that it may take a few months to complete foreclosure action in regard to the HOPWA property in question, however, please provide us an updated report by June 15, 2008. In addition, if the City is unable to place this property back into compliance or if the City is unable to obtain repayment by DLI, the City will be required to reimburse its HOPWA program from non-federal resources. Based upon your updated status report, due June 15, we will make a determination as to the appropriate course of action that may need to be taken.

If you have any questions, please contact me at (415) 489-6598 or Mr. M. Roy Porter, Senior Community Planning and Development Representative, at (702) 366-2113.

Very sincerely yours,

A handwritten signature in cursive script, appearing to read "Steven B. Sachs".

Steven B. Sachs,  
Director,  
Community Planning  
and Development Division

cc: Mr. Stephen Harsin  
Director, Neighborhood Services Dept.