

**Congress of the United States**  
**Washington, DC 20515**

September 28, 2010

The Honorable Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.  
Washington, D.C. 20410

Dear Secretary Donovan:

On September 21, 2010, the U.S. Department of Housing and Urban Development (HUD) Inspector General (IG) released a report entitled, "ACORN Housing Corporation, Inc. Evaluation of HUD Housing Counseling Grant Expenditures."<sup>1</sup> The report contains the findings of an OIG audit of grant funds awarded under HUD's Housing Counseling Program to ACORN Housing Corporation, Inc. (AHC), of Chicago, Illinois. In the report, the IG enumerates ways in which AHC misused and failed to account for more than \$3.25 million in taxpayer dollars.

The IG's report is an independent confirmation of our concerns regarding activities engaged in by ACORN and its affiliates. Specifically, the IG found:

- AHC charged the HUD grant for salaries of terminated employees;<sup>2</sup>
- AHC billed salary expenses for services performed in FY 2008 to its FY 2009 grant award;<sup>3</sup>
- Between 2008 and 2009, AHC spent more than \$2.5 million of HUD grants on salary expenses;<sup>4</sup>
- AHC was unable to document activities performed by employees and failed to maintain accurate payroll records;<sup>5</sup>

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<sup>1</sup> HUD OIG Report, "ACORN Housing Corporation, Inc., Evaluation of HUD Housing Counseling Grant Expenditures," IED-10-002, Sept. 21, 2010 [hereinafter HUD OIG Report].

<sup>2</sup> HUD OIG Report at 12.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 7.

<sup>5</sup> *Id.* at 10-11.

- AHC’s ability to account for taxpayer dollars “proved problematic in an environment of multiple funding sources and was unsupported,”<sup>6</sup>
- AHC failed to implement a time and activities reporting system that meets Office of Management and Budget (OMB) Circular A-122 requirements;<sup>7</sup> and,
- AHC’s procurement of accounting and legal services, office space, and benefits through “associated” non-profits did not demonstrate “open and free” competition in accordance with 24 CFR Part 84.<sup>8</sup>

In the report, the OIG recommended that HUD place ACORN Housing’s rebranded entity, the Affordable Housing Centers of America (AHCOA), on “inactive” status.<sup>9</sup> We request that you implement this and all other recommendations contained in the OIG report. The OIG also reported that ACORN received more than \$25.8 million from NeighborWorks America (NeighborWorks), a congressionally chartered nonprofit organization headquartered in Washington, D.C.<sup>10</sup> Additionally, we request that you commence an investigation into whether any of the funds awarded by NeighborWorks were misappropriated by ACORN.

Thank you for your attention to this important matter. Enclosed for your ready reference are a copy of the HUD Inspector General’s September 21, 2010 report and a list of ACORN affiliates. Please contact Daniel Epstein of the House Committee on Oversight and Government Reform at (202) 225-5074 or Ivy Johnson on the Senate Committee on Homeland Security and Government Affairs at (202) 224-2627 with any questions.

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<sup>6</sup> *Id.* at 11.

<sup>7</sup> *Id.* at iii.

<sup>8</sup> *Id.* at 19.

<sup>9</sup> *Id.* at 16.

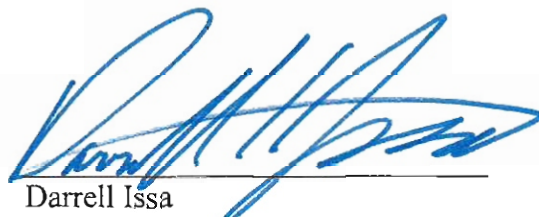
<sup>10</sup> *Id.* at 6.

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Sincerely,



Susan Collins  
Ranking Member  
U.S. Senate Committee on Homeland  
Security and Government Affairs



Darrell Issa  
Ranking Member  
U.S. House Committee on Oversight  
and Government Reform

cc: The Honorable Joseph Lieberman, Chairman  
Committee on Homeland Security and Government Affairs  
U.S. Senate  
The Honorable Edolphus Towns, Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives

Enclosures