

Matthew Doherty, Former Executive Director, Atlantic City Housing Authority

Before the House Financial Services Committee Subcommittee on Housing and Insurance
Chair Warren Davidson, Members of the Subcommittee,

Thank you for allowing me the opportunity to present a firsthand account of the corruption and mismanagement I encountered at the Atlantic City Housing Authority (ACHA), which has grievously impacted the lives of the most economically vulnerable Americans. It's crucial to acknowledge that ACHA is not just a housing authority; it is also the largest slum lord in Atlantic City. If they were a private concern, they would have been put out of business a long time ago.

After my service as Mayor of Belmar, New Jersey, from 2011 to 2018, and a subsequent role as Executive Director for the New Jersey Casino Reinvestment Development Authority until 2022, I was appointed as the Executive Director of ACHA in May 2023. Unfortunately, I was fired in September 2023 for exposing the deeply ingrained corruption within the ACHA board and its vendors.

I witnessed and spoke out against systemic corruption and financial misconduct by the board and its vendors. The leadership under Chair Stephanie Marshall and Treasurer Geoffrey Dorsey has cultivated an environment ripe with corruption that has directly contributed to the degradation of living conditions for the residents:

- I observed mismanagement involving approximately \$7.4 million allocated to no-bid contracts, which brought about very limited improvements.
- There were instances of invoices being paid for uncompleted work, purchase orders with no contract or scope of work, contracts that were never bid out, and bids that were rigged, exemplifying a severe disregard for procedural norms regarding procurement.
- The procurement process at the ACHA violated its own written procurement policy.
- A simple to understand instance involved a \$1,200 invoice for the labor to install three window air conditioners under a no-bid contract, which I rejected. The manager who requested the work itself also refused to approve the invoice because they believed it was fraudulent. Despite this, the board overrode my decision and proceeded with the payment.

This corruption has had dire consequences for the residents, especially concerning their basic living needs. Over the last two winters, ACHA has failed to provide consistent heating and hot water, and we anticipate similar failures in the coming 2024-2025 winter season. This neglect stems from a misallocation of funds, diverted away from essential services to corrupt dealings by the board.

Procurement processes have been manipulated to benefit the board members, removing all oversight from the Executive Director's office. This was structured through the appointment of an external contractor, Jerry Volpe, who was instructed by board resolution to report directly to the board, further enabling their unchecked control over financial transactions. Additionally, the Atlantic City Council, which is supposed to oversee the ACHA board, has shown a lack of will to act and hold hearings.

I have spoken about the fraudulent activities at the ACHA to various law enforcement agencies, including the New Jersey State Police, HUD's Office of Inspector General, the FBI, and Assistant United States Attorneys. While I understand and appreciate the need for them to conduct a thorough and comprehensive investigation that supports charges leading to convictions, this process is inherently time-consuming. Given the urgent needs of the residents, who are suffering under the current management, I strongly recommend that HUD immediately assume control of the board and management of the authority. The residents cannot afford to wait for the criminal justice system to take action against the board members.

In addition, I would propose a few simple recommendations for HUD that include:

1. Implement strict oversight mechanisms that empower HUD to audit and, if necessary, remove corrupt housing authority board members and ban vendors who commit fraud.
2. Ensure that HUD and its Office of Inspector General have unrestricted access to all Housing Authority records and communications, such as emails, to facilitate transparency and prevent further abuses.

The level of corruption at ACHA is not merely a breach of ethical standards but a critical failure that inflicts real harm on the community. It is crucial that HUD takes immediate and forceful action to dismantle these corrupt practices and to reinstate integrity and effective management at the Atlantic City Housing Authority.

As we discuss these grave issues, I stand ready to provide further details or clarification needed to support HUD's intervention and oversight efforts. Your proactive engagement is essential to rectify these injustices and restore faith in our housing systems.

Thank you for your attention, and I look forward to your questions and the opportunity to assist in any way possible in these reformative efforts.