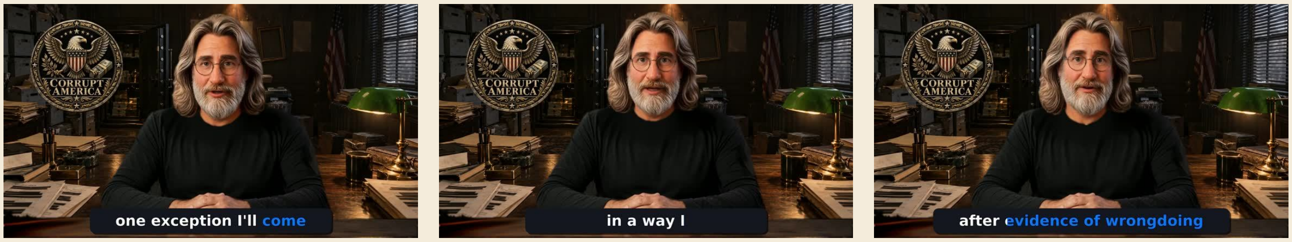
SERIES: CORRUPT AMERICA ♦

One Hundred and Eighteen Million

An AI Wrangler illustrated story



From the film

MARTY

Billions of dollars were meant to fight homelessness in Los Angeles. Federal prosecutors say some of that money went somewhere else. I'm Marty Shepard, and this is Corrupt America.

CAROL

And I'm Carol. Marty, I want to say up front — I hope there's an innocent explanation in here somewhere.

MARTY

Here's how the money is supposed to move. It starts federal and it starts local — housing grants, city funds, county funds. It flows to nonprofits, because the government doesn't run shelters itself. The nonprofits lease the buildings, hire the caseworkers, house the people.

CAROL

Which sounds sensible to me. People who've run shelters for twenty years will do it better than a department will.

MARTY

That's the theory, and it's a good theory. But the money leaves the building. And once it leaves, somebody has to watch where it goes.

MARTY

On September sixteenth, twenty twenty-six, the Justice Department announced charges. A man named Michael Young, forty-six, founded a nonprofit in Culver City called Home At Last. According to the Justice Department, Home At Last received more than one hundred and eighteen million dollars in public money.

CAROL

One hundred and eighteen million.

MARTY

And I want to be careful here, because charges are accusations. Nobody we discuss tonight has been convicted, with one exception I'll come to.

CAROL
This lands in a city that's already struggling.

MARTY
One of the most visible homelessness crises in America. Which is exactly why the money was there in the first place.

MARTY
The complaint describes what prosecutors call a sham vendor scheme. Home At Last paid outside vendors for goods and services, the way any organization does. Except prosecutors allege those vendors weren't real businesses.

CAROL
Meaning what, exactly?

MARTY
According to the complaint — no employees. No locations. No legitimate operations. And allegedly controlled by Young himself.

CAROL
So how does that survive anybody looking at it?

MARTY
Prosecutors allege it was dressed up. Fake competitive bids. Forged signatures. Fraudulent invoices. All the paperwork a reviewer would ask for, allegedly manufactured.

CAROL
That's the part that gets me. Not the money. Somebody sitting down and making the file look right.

MARTY
In total, prosecutors allege more than seven and a half million dollars was diverted that way.

CAROL
And where do they say it went?

MARTY
There is a lounge in Inglewood called Six Seven Five. The Justice Department says more than a million dollars went toward opening and operating it.

MARTY
Prosecutors also allege money went into commercial real estate — including construction tied to a nightclub and an adjacent bingo hall.

CAROL

A bingo hall.

MARTY
A bingo hall.

MARTY
And luxury vacations. Vintage car restorations.

CAROL
Marty, say those two things next to each other for me again.

MARTY
Money appropriated to house homeless people. And a nightclub, and a bingo hall, and a car collection. That's the allegation.

CAROL
Who was paying all this out?

MARTY
The largest single source was the Los Angeles Homeless Services Authority — everybody there calls it Lahsa. Lahsa alone paid Home At Last more than seventy-five million dollars.

CAROL
So this wasn't somebody at the edge of the system.

MARTY
This was somebody near the centre of it.

MARTY
Young was arrested and charged by criminal complaint with wire fraud, which carries up to twenty years in federal prison. He is presumed innocent.

CAROL
Who found it?

MARTY
The F B I, I R S Criminal Investigation, and the inspector general at the federal housing department, working together as the Homelessness Fraud and Corruption Task Force. It covers seven counties.

CAROL
Somebody decided this was big enough to need a task force.

MARTY
And the announcement that day covered more than one case. I'm not going to tell you they're one conspiracy, because the charging documents don't say that. But

there's a second story, and it's worse in a way I didn't expect.

CAROL
Go on.

MARTY
Prosecutors allege that in a related case, housing records were fabricated for people who did not actually live at the housing sites. People on the roster. People being billed for. The government has a word for them.

CAROL
What word?

MARTY
Ghost participants.

MARTY
A woman named Lakiya Malone, forty-eight, was indicted on twenty-one counts. Prosecutors accuse her of receiving more than one hundred and eighty thousand dollars in bribes and kickbacks, in exchange for priority referrals to one operator's housing sites.

CAROL
Referrals. As in, who gets a bed.

MARTY
As in, who gets a bed. She is accused, and she is presumed innocent.

MARTY
A third man, Donye Mitchell, ran a nonprofit called The Big Blue Umbrella. Prosecutors say he was awarded more than one point two million dollars and allegedly spent it on inflated salaries, bail bond costs, credit card debt, family transfers — and PlayStation charges. At the time of the announcement he was considered a fugitive.

CAROL
Still out there.

CAROL
You know what I keep coming back to? It isn't the money.

MARTY
What is it?

CAROL
It's that somebody was supposed to be able to trust this.

MARTY
Let me put the numbers in one place. One hundred and eighteen million dollars received. Seventy-five million of it from Lahsa. Seven and a half million allegedly diverted. More than a million to a lounge. Twenty-three million obtained in a separate case. Two million pocketed.

CAROL
Say the last one again.

MARTY
I will, but first — this raises a question bigger than any one person. How much scrutiny does a nonprofit get once the contracts are flowing?

CAROL
Because somebody approved those invoices.

MARTY
Somebody approved those invoices. Somebody renewed those contracts. Not once — repeatedly, across years, at multiple agencies.

MARTY
And here's the thing that makes it hard. On paper, services were being delivered. The reports said so. The invoices said so. The rosters said so.

CAROL
And underneath the paper.

MARTY
Underneath the paper is the allegation.

MARTY
The timeline runs years. Contracts awarded. Payments made. Allegedly false invoices submitted. An investigation opened. Contracts cancelled. Arrests.

MARTY
Lahsa cancelled its contracts with Home At Last in June of twenty twenty-six — three months before the arrest. They said they acted after evidence of wrongdoing emerged, and that none of their own personnel were implicated in the Young case.

CAROL
So the system did catch it.

MARTY
Eventually. That's the honest way to put it. Not that it failed. Not that it worked. Eventually.

MARTY
And now the exception I promised you. A man named Alexander Soofer, who ran a nonprofit called Abundant Blessings, has agreed to plead guilty — one count of wire fraud, one count of money laundering.

CAROL
So that's not an allegation.

MARTY
That's an admission. He admitted obtaining twenty-three million dollars in public homelessness funding, at least some through fraud, and pocketing at least two million for himself and unrelated businesses. He agreed to forfeit the proceeds.

CAROL
Twenty-three million.

MARTY
You can expect this to become political, and quickly. When numbers like these surface, the questions stop being about one nonprofit and start being about who was supposed to be watching.

CAROL
And for anyone paying taxes in that county, the question is simpler than that.

MARTY
It's just: how did this happen?

MARTY
Investigators say the alleged scheme reached across nonprofits, vendors, and businesses with nothing to do with housing. That's what a task force is for — following something that doesn't sit in one place.

CAROL
Marty, can I say the thing I've been holding?

MARTY
Please.

CAROL
I keep thinking about somebody on a waiting list. Somebody who called, and got told there wasn't a bed tonight, and slept outside. And the money for that bed had already been spent. It just wasn't spent on them.

MARTY
Yes.

CAROL

That's not a scandal about money. That's a person.

MARTY

And that's the story. Not a caper, not a clever scheme. A waiting list, and a lounge in Inglewood, and the distance between them. This isn't only about fraud allegations. It's about what happens when nobody is checking.

MARTY

Michael Young, Lakiya Malone and Donye Mitchell are charged and presumed innocent. Alexander Soofer has agreed to plead guilty. The case against Young rests on the vendors — who owned them, who signed for them, where their money went. Which means the next thing worth reading isn't a press release. It's the complaint itself.

CAROL

And we'll read it.

MARTY

We'll read it. I'm Marty Shepard.

CAROL

And I'm Carol. Thanks for sitting with us.