

Letter to the Mayor's Office of Criminal Justice Re: Housing Works Inc. contract for Justice Involved Emergency Short Term and Transitional Housing

March 19, 2025

Deanna Logan, Director
Mayor's Office of Criminal Justice
1 Centre Street
New York, NY 10007

**Re: Housing Works Inc. contract for Justice Involved Emergency
Short Term and Transitional Housing (FMS#s 002-20238805370
and 128-20250000993)**

Dear Director Logan:

On February 11, 2025, the Mayor's Office of Criminal Justice (MOCJ or the Agency) requested that our Office take steps in the Financial Management System (FMS), the City's financial system of record, to decrease the registered value associated with agency budget code 128 (Budget Code 128 or 128-20250000993) tied to its contract with Housing Works Inc. (Housing Works or Vendor).

In reviewing this request, our Office uncovered questionable actions performed directly by MOCJ in FMS. In response to questions from our

Office, MOCJ submitted responses which – together with adverse facts concerning ownership of the hotel service locations, inconsistent rental rates and troubling terms tied to the various leases, and reported adverse information tied to principal individuals and their related entities – raise significant concerns about the City's continued provision of services at various sites. On March 6, 2025, rather than address and respond to additional questions from our Office, MOCJ withdrew its aforementioned request.

My Office is mandated to ensure that agencies adhere to procedural requisites for procurement and contracting, which confirm that the award of public contracts are made to vendors possessing integrity to do business with the City, and that the City has undertaken the requisite level of fairness, transparency and competition in its awarding and managing of public contracts, including to hold vendors accountable for poor performance or when circumstances reveal cause for concern regarding the vendor's integrity. A review of the specified contract detail available to our Office has raised serious concerns, as discussed below.

As a result, our Office objects to the actions previously taken by MOCJ in FMS, inclusive of a significant singular contract increase discussed in more detail below. The issues presented in this letter reveal not only potential vendor corruption and fraud, but also call into question the capacity of MOCJ to appropriately safeguard the expenditure of public dollars, independently oversee the administration of the contract, address highly concerning vendor integrity issues and take responsible action to reconsider the service locations and approval of vendors. This Office expects that MOCJ will carefully reconsider whether it is appropriate for services to continue to be provided at the same

locations and whether the terms and conditions agreed upon in the underlying contract and related leases serve the best interests of the City and justify the expenditure of public dollars.

Failure to terminate lease agreement after becoming aware of adverse information

Despite the fact that Section V (Housing Sites) of the Scope of Services within MOCJ's agreement with Housing Works (the Agreement) indicates that the Vendor is responsible for securing the housing sites, in its responses to questions raised by our Office, the Agency indicated that it was in fact MOCJ that asked the Vendor to assume, effective 1/1/2023, the operations of four emergency shelters that were being previously operated by Exodus Transitional Community, Inc. (Exodus) pursuant to a contract for Emergency Reentry Hotel Services ([002-20238803909](#)), which expired on December 31, 2022. The hotels were the Howard Johnson in Long Island City (LIC) (Howard Johnson), LaQuinta in LIC (LaQuinta), Holiday Inn Express in Corona (Holiday Inn), and Wyndham in Fresh Meadows (Wyndham) (collectively, "the housing sites"). Two of these hotels (specifically, Howard Johnson and Wyndham) were owned by Weihong Hu (Hu). (Per the Agency's response in March 2025, services at the Howard Johnson in LIC are now inactive, although the Agency failed to respond to questions from our Office regarding the date the site became inactive).

The Agreement further states that the "Contractor will obtain MOCJ's approval before signing any lease agreement with a prospective housing site." Therefore, MOCJ's involvement as to the housing sites was compounded as a result of it not only setting the expectation that Housing Works would continue using the same sites previously

operated by Exodus, but then also by approving the underlying lease prior to its execution.

Yet despite MOCJ's role in site approval, it has continually failed to address or take any action in response to the numerous concerns raised in press articles that have ensued over the past year plus. In doing so, MOCJ continues to facilitate the ability of an indicted hotel owner to reap the benefits of City contracting and receive public dollars.

- Feds have raided a Queens hotel contracted by the City to house homeless people and owned by Weihong Hu. Federal agents searched the Wyndham hotel on a warrant from the US Attorney for the Eastern District of New York.
<https://nypost.com/2024/11/19/us-news/feds-raid-queens-hotel-with-city-shelter-contract-ties-to-adams-donor-sources/>
- Winnie Greco, the Mayor's director of Asian Affairs, lived in the Wyndham Garden Fresh Meadows in a two-room suite from November 2022 to June 2023 paid by using City tax dollars, according to an investigation published by THE CITY
<https://www.thecity.nyc/2024/05/28/eric-adams-son-greco-hotel-stay-investigation/>.
- THE CITY <https://www.thecity.nyc/2025/02/13/julio-medina-exodus-weihong-hu-dantzler/> reported on issues with Exodus' finances in 2022, highlighting how the original no-bid contract amount had skyrocketed and flagging that one of the firms providing security at Hu's Wyndham hotel in Fresh Meadows, Queens, was unlicensed.

- THE CITY <https://www.thecity.nyc/2025/02/13/julio-medina-exodus-weihong-hu-dantzler/> later exposed that millions of taxpayer dollars that could not be accounted for had been steered by Exodus into a secret subcontractor run by Christopher Dantzler (Dantzler) that the City did not know existed.
- An indictment (<https://www.justice.gov/usao-edny/pr/founder-and-ceo-non-profit-and-two-others-charged-fraud-bribery-and-money-laundering>) alleges that Julio Medina, the (potentially former) CEO of Exodus passed on the costs of the bribes and kickbacks to taxpayers by submitting inflated invoices to MOCJ for services allegedly rendered by Hu's catering firm and Dantzler's security company.

Unreasonable leasing terms

As stated above, the Agreement indicates that the "Contractor will obtain MOCJ's approval before signing any lease agreement with a prospective housing site." Accordingly, and given that Housing Works continued to provide services at existing locations known to and identified by MOCJ, and that the Agency was in possession of lease agreements, it is presumed to have been aware of the terms and conditions set forth in each of the lease agreements tied to the subject contract. Although the Agreement indicates that "MOCJ will not unreasonably withhold approval for prospective housing sites," there are multiple provisions set forth in the hotel lease agreements that are inconsistent with terms included in the leases held with other landlords and that appear to be unreasonably favorable to Hu.

Specifically, the City's contracting rules contemplate and require a determination that City dollars will be used towards the provision of

services only if the prices being offered by vendors are fair and reasonable. The facts at hand call into question whether MOCJ conducted any cost and/or price analysis prior to approving the leases given that there is such a significant variance between the minimum monthly rental fees that Housing Works is required to pay the landlord under the Hu Hotel leases as opposed to the LaQuinta hotel lease. Specifically, the minimum monthly fee (\$542,177.08) under the long-term leases for the Hu hotels is *more than double* than the minimum monthly fee (\$241,873.33) that is paid to the landlord under the LaQuinta lease agreement. In addition, prior to finalizing and entering long-term leases with these price variances, based on incomplete documentation provided to our Office, all of the hotels had short-term leases in place for some period of time. While the monthly fee for LaQuinta under its long-term lease remained the same as it was for short-term lease for the period January 1, 2023 through June 30, 2023, the long-term lease for the Hu hotel saw a \$20,230.41 increase in the monthly fee effective January 1, 2024. As a result, for the 18-month period starting January 1, 2024 until the end of the Agreement's current term, the hotel owned by Hu is set to receive an additional \$364,147.38 beyond what was initially contemplated in 2023.

Specifically, in addition to having a higher monthly fee than the other two hotels, the monthly fee for Hu's Fresh Meadows hotel increased from \$521,946.67 to \$542,177.08 between the short-term and long-term leases. Moreover, although MOCJ failed to provide the long-term leases for the hotel at Eden Park and the Hu hotel at 12th Street, the monthly rent for the short-term lease at the Eden Park hotel was \$488,700.00 but the monthly fee for the short-term lease at the Hu hotel at 12th Street was \$512,746.67 evidencing again that the MOCJ accepted higher rates for a hotel owned by Hu. In addition, although MOCJ failed to provide our Office with any lease covering the period

June 30, 2023 through December 31, 2023, a record of payments made by Housing Works to the LLC tied to both of Hu's hotels (Mayflower International Hotel Group) provided to our Office reflect that Mayflower invoiced the Vendor \$521,946.67 (consistent with the short-term lease) for the months of July, August and September, but the payable amounts for the remaining three months of calendar year 2023 were greater than not only those set forth in the short-term lease, but for two of the months even greater than the rate in the long-term lease that then commenced on January 1, 2024: for the months of October and December 2023, Mayflower invoiced Housing Works \$525,575 and \$534,750 in November 2023.

In addition to MOCJ approving pricing far more favorable to hotels owned by Hu, the Agency also approved a lease period for the Wyndham hotel that is three-years longer than at least one other hotel that was not owned by Hu and that runs well beyond the expiration of MOCJ's contract with the Vendor, which is set to end on June 30, 2025. On the contrary, in the only other non-Hu lease agreement that MOCJ provided our Office, Housing Works retains the option to extend or not the lease beyond the expiration of its Agreement with MOCJ. MOCJ's approval of a lease tied to *only* a location that is owned by Hu, that MOCJ identified for the Vendor, that MOCJ is aware runs well beyond the expiration of its own contract with the Vendor, and that includes an additional three years that conveniently aligns with a proposed renewal option that MOCJ established in its contract with the Vendor is an indication that MOCJ has always expected to that it will continue to use City dollars to pay for services rendered at the hotel owned by Hu. As a result of MOCJ approving an increase in monthly rate for the Wyndham hotel from \$521,946.67 to \$542,177.08, which would extend until June 30, 2028, Hu stands to reap an additional

\$19,518,374.88 in City funds.

Failures in vendor vetting paved the way for alleged nepotism and fraud

Despite admitting that in at least one prior publicly reported instance, <https://www.thecity.nyc/2022/03/30/exodus-hotels-rikers-adams-lander/> MOCJ failed to properly vet a vendor under the predecessor contract for which this Agreement replaced, MOCJ's shortcomings again filled the bank accounts of vendors that lack the requisite integrity to receive City dollars. As a result of failing to address inquiries from our Office, it is unclear whether MOCJ took the appropriate and necessary steps to be aware of the vendors working at the Wyndham hotel location. In responses to questions raised by Office, MOCJ initially indicated that there were no subcontractors performing under the Housing Works Agreement. However, under the Agreement, services at the Wyndham Hotel must include food. Therefore, when prompted again to specifically confirm the identity of vendor(s) providing any food or catering service, MOCJ instead chose to withdraw the aforementioned request.

However, public and City records reveal that MOCJ knew or should have reasonably known the involvement of vendors providing those mandated food and/or catering services. As one indication of MOCJ's at least complicit awareness is that public records reveal that Meiqiao LLC (Meiqiao) is the vendor operating out of the same location as the Wyndham Hotel. Those public records indicate that Meiqiao is owned by Hu, and that its CEO is Lan Mei. Separately, Meiqiao submitted disclosures through the Procurement and Sourcing Solutions Portal (PASSPort) that are required for most vendors, at any tier under a prime contract, receiving public dollars. Agencies are required to review

PASSPort disclosures when approving a vendor. These records indicate that Meiqiao shares the same business address as the Wyndham hotel. Further, despite what is publicly available regarding Meiqiao ownership and leadership, MOCJ and the Mayor's Office of Contract Services (MOCS), which manages PASSPort, failed to ensure the accuracy of the vendor's certified disclosures. Meiqiao's PASSPort disclosures indicate that Lan Mei is the sole principal owner or officer, despite that Lan Mei discloses a less than 10% ownership share in Meiqiao, which should have led MOCS and MOCJ to question whether the disclosures were complete and accurate given that more than 90% of the entity's ownership had not been disclosed. Further troubling is that as a result of the inaccurate certified disclosures accepted by the City, there are no PASSPort disclosures on record that are otherwise mandated to be filed by principal owners or officers.

In any circumstance, the failure to track and properly vet, including to ensure the accuracy and completeness of, certified disclosures is problematic. In this instance, however, these failures paved the way for City dollars to be expended on entities that promote nepotism and fraud. As reported in numerous articles, Lan Mei, a relative of Hu, has also been named as an individual who reimbursed donors in violation of campaign finance law. [Donors to Adams' 2025 Campaign Say They Were Secretly Reimbursed Thousands of Dollars | THE CITY — NYC News.](#)

Improper contract increases in the City's Financial System of Record

Section 4-02 of the Procurement Policy Board (PPB) Rules govern most contract changes, which are required to be approved by the Agency Chief Contracting Officer (ACCO) and reflected in a change

order. PPB Section 4-02(b)(1)(ii) goes on to state the limited circumstances in which a contract change is permitted, including those tied to "changes in contract amount due to **authorized additional or omitted work.**" (emphasis added). Changes of this type "require appropriate price and cost analysis to determine reasonableness." After a review of FMS, our Office uncovered that MOCJ self-registered two increases, cumulatively valued at \$9,118,440.00, to its contract with Housing Works. The first increase of \$6,078,960.00 was registered in February 2024 and the second increase of \$3,039,480.00 was registered in January 2025.

Notwithstanding that the contract in FMS is reflected across two separate agency budget codes, both attributed to MOCJ, the Agency holds just one legal agreement with the provider. The value (\$103,502,000.00) of the legal agreement filed with our Office is based on the underlying base contract between MOCJ and Housing Works. However, since that initial filing, MOCJ approved two additional contract increase actions, one each tied to the two budget codes. As a result, FMS reveals that, across both of the Agency's budget codes, it increased the value of the singular contract with the Vendor to \$112,620,440.00.

Irrespective of whether FMS is configured to allow agencies to self-register certain limited increases to a contract pursuant to a long-standing delegation by the Office of the Comptroller, agencies and ACCOs remain responsible for ensuring that any such contract increases are permissible under the PPB rules. The delegation was intended to aide in the timely process of expense-funded actions, particularly those for non-profits. ACCOs are also mandated to keep on file the change order or amendment that serves as the basis for the

contract increase. On February 12, 2024, tied to the first of the two aforementioned contract increases, MOCJ filed with our Office's Central Imaging Facility (CIF) documentation associated with the First Amendment to the Agreement that it self-registered increasing the Agency's contract with the Vendor by \$6,078,960. A review of the First Amendment raises several issues:

- Failures tied to obtaining the following mandated certifications set forth in Section 327 of the NYC Charter prior to the filing of awards with our Office, including the First Amendment pursuant to which MOCJ awarded an additional \$6,078,960 in public dollars with no oversight approvals:
- Section 327(a) of the NYC Charter requires that the Mayor, unless otherwise delegated to an agency based on the assurance that the agency has the capacity to comply with all procedural requirements. Note that as a result of uncovering issues that call into question the ability of MOCJ to comply with procedural requirements, our Office has previously elevated concerns to MOCS regarding its determination to delegate to the agency the aforementioned Mayoral certification. Notwithstanding the acknowledged issues, MOCS continues to permit MOCJ to make awards without its oversight.
- Section 327(b) of the NYC Charter requires that the Corporation Counsel must certify prior to the filing of an award with our Office that the agency has the legal authority to make such award, no such certification was made. No such certification from the Corporation Counsel is present in documents filed with our Office.

- Language set forth in the First Amendment that serves to provide a purported legal basis to award an additional \$6,078,960 in public dollars. Specifically, the First Amendment indicates that the significant increase is "to cover increased costs for the Contractor's services..." However, General City Law Section 20(5) explicitly prohibits the City from making additional payments to a contractor without receiving consideration, through for example additional services. Yet the nature of the services provided by the Vendor remain unchanged, and in fact it appears that most of the contract costs were being reduced by the First Amendment. The largest driver of the significant value of the First Amendment is tied to rent increases to housing sites. However, Section 4-02(b) of the City's PPB Rules set forth the limited basis for contract changes. Section 4-02(b)(ii) limits changes in contract amount for only "authorized additional or omitted work." By MOCJ's own assertions in the First Amendment, that was not the case here.
- Inconsistent and lack of transparency tied to the associated budget detail purportedly supporting the First Amendment. Specifically, a review of the documentation appears to indicate that MOCJ was aware when it executed the First Amendment that the Vendor's "increased costs" were largely driven by a significant increase in the rent (i.e., per bed price) for two of the hotels as discussed in greater detail above. In addition, and despite responses provided to our Office that the Vendor was not utilizing the services of any subcontractors, and its avoidance of responding to a specific question tied to the identity of the vendor providing food/catering services, the First Amendment's budget detail also includes line items specific for these purposes including line items attributed to Meiqiao. This once again raises serious

concerns about MOCJ's oversight of the contract and associated costs.

- More recently, on February 28, 2025, MOCJ further increased in FMS the registered value of the Vendor's contract by an additional \$3,039,480. When prompted by our Office to provide the required documentation supporting the increase, MOCJ instead withdrew its request tied to the FMS adjustment discussed above.

Given the Agency's avoidance tactics tied to both contract increases referenced above, our Office has no basis to ensure that the increases in FMS to the value of the vendor's single contract were proper and permissible. On the contrary, based on information provided to our Office, MOCJ signaled that it would be submitting to our Office a request tied to one of the contract increases for Budget Code 002; it never did, and instead inappropriately took advantage of FMS functionality and self-registered the increase and then failed to provide the required supporting documentation when requested by our Office. The blatant disregard for the proper intention of registration delegation, as well as the failure to produce justifiable documented support for either increase, creates a risk that the Agency could pay the Vendor for unauthorized costs.

MOCJ's plan to continue use of locations and vendors affiliated with an indicted individual

Notwithstanding the significantly concerning publicly available information regarding individuals and entities involved in the administration of the program that is the subject of the Housing Works Agreement, MOCJ has affirmatively stated its intention to exercise the option to renew the Agreement for the additional three-year period

starting on July 1, 2025 through June 30, 2028. In doing so, it appears that the groundwork set in the Wyndham lease is doing exactly what was intended – positioning an indicted individual, affiliated entities and related individuals to continue to reap nearly \$20,000,000 more in City funds.

Conclusion

In addition to the countless issues raised above, further troubling is that MOCJ appears to have been complicit in facilitating the opportunity for Hu to reap millions in public dollars. The Agency was aware of and agreed to the execution of a lease with provisions that diminish the critical importance of Chapter 13 of the NYC Charter, including not only procurement laws, rules, and processes but especially the oversight authority of the Comptroller as set forth in Section 328. The registration role of this Office, as explicitly mandated by the Charter includes reviewing for "... possible corruption in the letting of the contract or that the proposed contractor is involved in corrupt activity." In the event, in the Comptroller's judgement there is reason to believe that has occurred, the Comptroller may object to the registration of the contract.

Rather than seeking to underscore the Charter-mandated authority, the lease agreement with the Hu-owned Wyndham Hotel includes the following language, which is non-existent in the La Quinta lease: "The parties acknowledge that Contract Re-Registration [in referenced to the Housing Works Agreement] is an administrative process ... and each party acknowledges that it has no reason to believe that it will not occur." Given the facts set forth throughout this letter, it is inconceivable that Hu, not only as owner of the Wyndham hotel but the individual that executed the lease agreement, possessed no reason to

believe that her actions, which have since become the subject of her indictment, would not provide for a basis that this Office refuse to register a renewal of the Agreement. The lease further states "... to the extent Contract Re-Registration is dependent on Tenant's use of good faith, diligent efforts to effectuate same, Tenant agrees to use such good faith, diligent efforts." In light of the issues discussed in this letter, it would seem that the more appropriate provision would have been to require the Landlord to exhibit good faith as well.

In light of the above, it is apparent that MOCJ's acceptance of the continued reliance on at least one site that is the subject of the adverse information set forth above, including affiliations with indicted individuals undermines the principles of fairness, efficiency, economy, and competition that are designed to protect public monies and preserve confidence in the City's procurement ecosystem. As stated above, this Office expects that MOCJ will carefully reconsider whether it is appropriate for services to continue to be provided at the same locations and whether the terms and conditions agreed upon in the underlying contract and related leases serve the best interests of the City and justify the expenditure of public dollars.

Please respond within ten (10) business days confirming MOCJ's intention tied with the proposed renewal of the Agreement for the term July 1, 2025 through June 20, 2028.

Sincerely,
Charlette Hamamgian

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