



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



MANAGEMENT AUDIT

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Deputy Comptroller for Audit

Audit Report on the Department of
Housing Preservation and
Development's Efforts to Collect
Outstanding Money Judgments

MJ16-063A

November 17, 2016

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
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NEW YORK, NY 10007

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November 17, 2016

To the Residents of the City of New York:

My office has audited the New York City Department of Housing Preservation and Development (HPD) to evaluate its efforts to collect outstanding money judgments resulting from assessed penalties. We conduct audits such as this to help ensure that agencies are employing effective and efficient measures to collect funds due to the City.

The audit concluded that the Judgment Enforcement Unit's (JEU's) collection efforts, while undertaken in accordance with the New York Civil Practice Law and Rules, did not result in the collection of the vast majority of the money judgments referred to JEU for collection. However, the audit was unable to determine JEU's overall rate of collection because HPD did not provide sufficient information about outstanding judgment balances and their related payments received by year from which such a calculation could be made. We also noted that JEU has a limited number of legal staff assigned to pursue cases in court and its caseload was significantly backlogged with nearly half its total caseload remaining unassigned for an average of two years.

The audit made six recommendations, including that HPD should work with the Mayor's Office of Operations to identify the relevant City agencies that administer rental assistance, tax refunds, and other City payments to building owners, and cross-check HPD's list of judgment debtors with the building owners receiving payments from such City agencies. HPD should also coordinate efforts with relevant City agencies to levy on non-exempt funds payable to HPD's judgment debtors and apply the net proceeds of such levies to the satisfaction of HPD's outstanding judgments. Further, the audit recommended that HPD should consider hiring or reassigning some staff attorneys from other organizational areas to the JEU to reduce the current backlog of JEU unassigned cases.

The results of the audit have been discussed with HPD officials and their comments have been considered in the preparation of this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please email my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott M. Stringer".

Scott M. Stringer

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

Audit Report on the Department of Housing Preservation and Development's Efforts to Collect Outstanding Money Judgments

MJ16-063A

EXECUTIVE SUMMARY

The objective of this audit was to evaluate the Department of Housing Preservation and Development's (HPD) efforts to collect outstanding money judgments resulting from assessed penalties.

HPD enforces compliance with the New York City (City) Housing Maintenance Code and the New York State (NYS) Multiple Dwelling Law. To carry out its enforcement responsibilities, HPD's Code Enforcement Unit (Code Enforcement) inspects residential multiple-dwellings in response to complaints from tenants and other sources or referrals from other units of HPD. Code Enforcement issues Notices of Violation (NOVs) to building owners in response to observed violations. When issued an NOV, a building owner must correct the cited conditions within a specified amount of time and certify to HPD—either by mail or online—that the violations have been corrected.¹ If a building owner fails to correct a violation or notify HPD of the correction, or if repeated violations are found, HPD may take a number of actions to enforce compliance, including seeking to have civil penalties imposed against the building owner. Penalties can range up to \$1,000 per offense or \$1,000 per day until the violation is corrected.

As part of its enforcement efforts, HPD's Housing Litigation Division (Housing Litigation) is authorized to initiate cases in Housing Court to compel building owners to correct violations and/or to enforce civil penalties.² When the court finds in favor of HPD and imposes a penalty, a judgment is entered against the building owner (the judgment debtor), and a judgment lien is attached to the subject property as well as all other real estate held in the judgment debtor's name in that county.³

¹ Building owners can certify the correction of violating conditions through HPD's online *eCertification* application.

² The Civil Court of the City of New York has jurisdiction over civil cases involving amounts up to \$25,000 and other civil matters referred to it by the Supreme Court. It includes a small claims part (Small Claims Court) for informal dispositions of matters not exceeding \$5,000 and a property owner (landlord) and tenant/housing part (Housing Court) for landlord-tenant matters of unlimited amounts and housing code violations.

³ In accordance with CPLR Section §5222, HPD also sends a notice to the debtor advising the debtor that money or property that belongs to him/her may be taken or held to satisfy a judgment entered against him/her. It also advises the debtor of certain money or property that is exempt from satisfying the judgment.

When the judgment debtor (i.e., the owner) fails to pay a money judgment, enter into a stipulation agreement, or honor an existing agreement with HPD, Housing Litigation will transfer the case to its Judgment Enforcement Unit (JEU) for collection action. Overall, the efforts that JEU undertakes to collect outstanding money judgments depend largely upon the amount of the judgment, the circumstances of the case, and the perceived likelihood of success of those collection efforts.

Audit Findings and Conclusion

JEU's collection efforts, while undertaken in accordance with the New York Civil Practice Law and Rules (CPLR), did not result in the collection of the vast majority of the money judgments referred to JEU for collection. However, we were unable to determine JEU's overall rate of collection because HPD did not provide sufficient information about outstanding judgment balances and their related payments received by year from which such a calculation could be made. We also noted that JEU has a limited number of legal staff assigned to pursue cases in court and its caseload was significantly backlogged with nearly half its total caseload remaining unassigned for an average of two years. Consequently, cases are not acted upon in a timely manner, which limits HPD's efforts to collect outstanding money judgments.

Audit Recommendations

To address these issues, the audit makes six recommendations, including the following:

- HPD should work with the Mayor's Office of Operations (MOO) to: (1) identify the relevant City agencies that administer rental assistance, tax refunds, and other City payments to building owners; and (2) cross-check HPD's list of judgment debtors with the building owners receiving payments from such City agencies.
- HPD should coordinate efforts with relevant City agencies to levy on non-exempt funds⁴ payable to HPD's judgment debtors, assisted as needed by MOO, the City Law Department, the Department of Finance (DOF), its Office of the Sheriff, and the City marshals, and apply the net proceeds of such levies to the satisfaction of HPD's outstanding judgments.
- HPD should consider hiring or reassigning some staff attorneys from other organizational areas to JEU to reduce the current backlog of JEU unassigned cases.
- HPD should consider transferring cases to either the City's Law Department and/or an outside collection agency to expand the collection efforts of outstanding money judgments.

Agency Response

HPD officials agreed with all six of the recommendations made in this audit but disagreed with our methodology for calculating the agency's collection rate on cases. After carefully reviewing HPD's analysis, we find no basis for changing our finding.

⁴ §5222 of the CPLR establishes that State and federal laws prevent certain money or property from being taken to satisfy judgments or orders. Such money or property is said to be "exempt," and may include a debtor's income from sources such as Social Security, Supplemental Security Income, (SSI), public assistance (welfare); spousal support, maintenance (alimony) or child support; unemployment benefits; disability benefits; workers' compensation benefits; pensions; veterans benefits; railroad retirement benefits, etc. (see more at: <http://codes.findlaw.com/ny/civil-practice-law-and-rules/cvp-sect-5222.html#sthash.HKKUVcE5.dpuf>)

AUDIT REPORT

Background

HPD promotes the construction and preservation of affordable housing for low- and moderate-income families throughout the City. HPD also enforces compliance with the City Housing Maintenance Code (Housing Code) and the NYS Multiple Dwelling Law.

To carry out HPD's enforcement responsibilities, its Code Enforcement Unit inspects residential multiple-dwellings in response to complaints or referrals from other units within HPD. Code Enforcement issues NOVs to building owners in response to observed violations. When issued an NOV, a building owner must correct the conditions within a specified amount of time and certify to HPD—either by mail or online—that the violations have been corrected. If a building owner fails to correct a violation or notify HPD of the correction, or if repeated violations are found, HPD may take a number of actions to enforce compliance, including seeking to have civil penalties imposed against the building owner. Penalties can range up to \$1,000 per offense or \$1,000 per day until the violation is corrected.

Housing Litigation brings cases before the Housing Court to compel building owners to comply with the Housing Code and the NYS Multiple Dwelling Law. A large portion of these cases involves owners who fail to provide heat and/or hot water to their tenants. These cases also include tenant-initiated proceedings,⁵ comprehensive cases,⁶ false-certification cases, and 7A administrator cases.⁷ Housing Litigation may ask the court to issue access warrants, order building owners to correct violating conditions, or impose civil penalties against owners. Civil penalties may be imposed on an owner who fails to respond to a violation, files a false certification of correction of a violation, or fails to register a multiple-dwelling with HPD.

According to HPD, most of its enforcement cases do not result in assessed penalties. Moreover, only a small portion of cases in which penalties are imposed and judgments are entered by the Court are transferred to JEU for collection action. HPD reported that in Fiscal Year (FY) 2014, Housing Litigation initiated 6,824 cases in Housing Court, of which 4,696 resulted in assessed penalties totaling \$24.4 million. Of those, 650 cases having money judgments totaling \$20.3 million were transferred to JEU. In FY 2015, Housing Litigation initiated 6,299 cases in Housing Court, of which 4,441 were assessed penalties totaling \$23.9 million. Of those, 433 cases having money judgments totaling \$14.8 million were transferred to JEU.

When the Court imposes a penalty and enters a judgment against the judgment debtor, HPD subsequently serves the debtor with a "Notice to Judgment" by mail. In addition, HPD files a transcript of the judgment with the Office of County Clerk of the borough where the property is

⁵ A tenant-initiated proceedings (or tenant action) refers to a case commenced by a tenant against the landlord/property owner for failure to make repairs and maintain a safe building. Frequently, in these cases HPD is named as a party to the case as a co-defendant. In such cases, HPD will almost always seek the same remedy as the tenant, that being an order to repair. In instances when a property owner fails to make the necessary repairs, HPD and the tenant may seek the imposition of civil penalties on the landlord.

⁶ Comprehensive cases involve a building owner with one or more buildings with multiple or repeated violations or with hazardous conditions that pose a threat to tenants and the public.

⁷ Housing Litigation initiates cases seeking the appointment of an Administrator to manage a building and to collect rents pursuant to Article 7-A of the Real Property Actions and Proceedings Law. Article 7-A provides that management and control of a building may be removed from an owner if a building's condition constitutes a danger to life, health and safety, or there has been harassment of the tenants.

located, which in turn attaches a judgment lien against that property and all other real estate held in the judgment debtor's name in that county.

When the judgment debtor fails to pay a money judgment, enter into a stipulation agreement, or honor an existing agreement with HPD, Housing Litigation's procedures call for it to transfer the case to JEU for collection action. Overall, the efforts that JEU undertakes to collect outstanding money judgments depend largely upon the amount of the judgment, the circumstances of the case, and the perceived likelihood of success of those collection efforts.

According to the Comptroller's Comprehensive Annual Financial Report, HPD collected \$5.6 million in FY 2014, of which JEU collected \$2.3 million. In FY 2015, HPD collected \$6.9 million in fines, \$3.2 million of which was collected by JEU.⁸

Objective

The objective of this audit was to evaluate HPD's efforts to collect outstanding money judgments resulting from assessed penalties.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The audit scope period covered FYs 2014 and 2015 (July 1, 2013 through June 30, 2015). This audit included a review of sampled case files to assess HPD's collection actions. We did not evaluate legal or strategic decisions made by JEU in connection with the sampled cases. To achieve our objective, we carried out the procedures discussed in the report below and in the Detailed Scope and Methodology section at the end of the report, which details the specific procedures and tests that were conducted.

Discussion of Audit Results with HPD

The matters covered in this report were discussed with HPD officials during and at the conclusion of this audit. A preliminary draft report was sent to HPD and discussed at an exit conference held on September 19, 2016. On September 29, 2016, we submitted a draft report to HPD with a request for comments. We received a written response from HPD on October 14, 2016. In its response, HPD agreed with all six of the recommendation made in this audit. However, HPD disagreed with our methodology for calculating the agency's collection rate on cases. After carefully reviewing HPD's analysis, we find no basis for changing our finding.

The full text of HPD's response is included as an addendum to this report.

⁸ The amounts collected in FYs 2014 and 2015 for cases handled by JEU were reported to us by HPD.

FINDINGS AND RECOMMENDATIONS

JEU's collection efforts, while undertaken in accordance with the CPLR, did not result in the collection of the vast majority of the money judgments referred to JEU for collection. However, we were unable to determine JEU's overall rate of collection because HPD did not provide sufficient information about outstanding judgment balances and their related payments received by year from which such a calculation could be made. We also noted that JEU has a limited number of legal staff assigned to pursue cases in court and its caseload was significantly backlogged with nearly half its total caseload remaining unassigned for an average of two years. Consequently, cases are not acted upon in a timely manner which limits HPD's efforts to collect outstanding money judgments.

These matters are discussed in greater detail below.

Collection Efforts Have Limited Effectiveness

We found that although JEU initiated collection actions as outlined in its procedures, those efforts generally had limited effectiveness and yielded recovery of only a small percentage of the judgments due to the City.

JEU's collection actions are generally consistent with applicable provisions of the CPLR.⁹ Upon receiving a new case, JEU mails out an HPD "Notice of Judgment" to the debtor. If the debtor/respondent fails to answer the notice and resolve the case or pay the civil penalties, the hard-copy case folder will be filed with other unassigned cases in JEU's file room, where it remains until assigned to a unit attorney for action, or for reference in the event that the debtor later contacts HPD to resolve the case.¹⁰ According to officials, JEU primarily utilizes three collection methods: (1) notification to the debtor by mailing a Notice of Judgment to the debtor; (2) identification of assets (e.g., bank accounts) by sending information subpoenas to banks that contain orders to restrain a debtor's bank accounts; and (3) issuance of an information subpoena to the debtor's employer. In the event sufficient funds are identified through a bank subpoena, JEU will ask a City marshal or the sheriff to obtain a property execution and levy on those assets to satisfy the judgment. In the case where the debtor is an individual for whom an employer is identified, JEU will similarly ask the City marshal or sheriff to serve an income execution to garnish the debtor's wages until the judgment is satisfied.

JEU could also seek: (1) to foreclose on the property; or (2) to levy on rents owed and payable to the judgment debtor directly by serving the requisite notices or through a property execution issued to a sheriff or City marshal, which demands that tenants remit their rent payments to HPD, or to the sheriff or marshal, instead of the property owner until the amount of the judgment is satisfied. However, HPD rarely employs these last two collection devices.¹¹

⁹ CPLR Article 52 (§§ 5201 - 5252) Enforcement of Money Judgments.

¹⁰ If a judgment is found to be deficient or unenforceable at the time of intake, JEU may classify the case as "DOA" (dead on arrival) and close it. According to HPD officials, the main reasons that a judgment is classified as DOA include that the property was sold prior to HPD initiating litigation, the respondent died before HPD obtained the judgment, and/or that the name of the judgment debtor is not the same as the property owner named on the property deed.

¹¹ Pursuant to §27-2116 and §27-2147 of the Administrative Code of the City of New York, when HPD obtains a judgment against a building owner and a lien is entered against the property, the department may levy rents and demand the tenants of subject premises to pay all rents to HPD directly until notified otherwise. Such a levy will continue until the total sum due the department is collected.

To assess JEU's collection efforts, we selected for examination a sample of 40 cases that Housing Litigation initiated in FYs 2014 and 2015 and transferred to JEU. Of the 40 cases, 10 had not yet been assigned to a JEU attorney as of January 20, 2016; therefore, no collection actions had yet been undertaken. The remaining 30 cases include 20 open cases and 10 closed cases (settled and paid). The total amount owed by the judgment debtors in connection with these 30 cases (judgment or settlement amounts) was \$1,355,085. As of January 20, 2016, the total amount that had been collected in connection with these cases was \$39,500 (3 percent).

Our review of JEU's efforts on these cases revealed that the actions taken generally conformed to the unit's procedures. In 15 of the 30 assigned cases, JEU attorneys engaged in negotiations with debtors who either remitted the full amount due or engaged in a payment plan, rendering additional collection actions unnecessary. The status of the collection actions taken by JEU as of January 20, 2016, is reflected in Table I below.

Table I

Status of Collection Activities of 30 Sampled Cases Closed or Worked on by JEU as of January 20, 2016

Status of Collection Activity	Collection Activity		
	(a)	(b)	(c)
	Notice of Judgment Sent to Respondent	Information Subpoena with Restraining Order to Banks	Information Subpoena to Employer to Garnish Employee Wages
Applicable and Performed	24	4	0
Applicable but Not Performed	2	6	0
Not Performed because Judgment/Settlement Paid or Payments Being Made	1	13	13
Not Performed because Settlement being Negotiated	0	2	2
Not Performed Because Action was Not Warranted	3	5	15
Total Cases	30	30	30

As shown in the table, with the exception of sending a Notice of Judgment, JEU in most cases did not employ all available collection actions, such as sending information subpoenas to banks and employers, generally because the actions were not warranted. For example, additional collection actions may not have been taken because the judgment had been settled, was in the process of being paid, was in settlement negotiations, or the court ordered a stay of such action. As reflected in column (a) of Table I above, one of the 30 cases was settled, which made it unnecessary for JEU to send a Notice of Judgment letter. We found that for the remaining 29 cases, as of January 20, 2016, JEU sent a Notice of Judgment to 24 of the 29 debtors.

As to the five cases not previously paid or settled in which no Notice of Judgment was sent, JEU officials gave no reason for failing to send the letters in two cases (designated in Table 1 as "applicable but not performed"). For the three remaining cases (designated in the table as "not performed because action was not warranted"), JEU officials explained that each debtor filed an Order to Show Cause in the Housing Court seeking to vacate the judgment. In those three cases, the Court issued stays against HPD's taking steps to enforce the judgment pending further Court action; therefore, Notices of Judgment were not sent. Notwithstanding the absence of a Notice

of Judgment, JEU officials reported that all three cases with Orders to Show Cause and one other case in which no Notice of Judgment was sent were eventually settled and the debtors paid the agreed amounts.

As shown in column (b) of Table I, in 15 cases JEU did not send information subpoenas to banks because the amounts due were either paid, in the process of being paid, or still being negotiated at the time of our examination. Of the 10 cases in which it appears that sending an information subpoena to one or more banks was warranted by JEU's procedures, we noted that JEU sent the subpoena in only four of them. Of the remaining six cases (designated in Table 1 as "applicable but not performed"), a settlement was reached in one case, and a subpoena was sent in two cases after January 20, 2016, our test cutoff date. Regarding the three remaining cases, JEU officials merely stated that they were being worked on by staff attorneys.

Of the five cases in which sending a subpoena to banks was not warranted (designated in Table 1 as "not performed because action was not warranted"), issues were raised in four cases about whether HPD had correctly named and obtained the judgment against the owner of the building, and in the one remaining case collection action was stayed because the debtor filed for bankruptcy.

As reflected in column (c) of Table I, JEU did not send information subpoenas to employers in any of the 30 cases in our sample. In 15 cases this step was not performed because the amounts due were paid, in the process of being paid, or still being negotiated at the time of our examination. In the 15 remaining cases, the step was not performed for the following reasons:

- In six cases no employer was found through background checks;
- In three cases the debtor was a Limited Liability Corporation; therefore, the step was not applicable;
- In four cases issues were raised about whether HPD had correctly named and obtained the judgment against the owner of the property;
- In one case the collection action was stayed because the debtor filed for bankruptcy; and
- In one case the employer was located out of state where HPD had no jurisdiction to serve the subpoena.

Based on this assessment, it is clear that JEU generally initiates collection actions that appear reasonable given the circumstances of each case. However, a close review of the cases also revealed that JEU's efforts are of limited effectiveness. As discussed previously, as of January 20, 2016, 97 percent (or \$1,315,585) of the \$1,355,085 owed to HPD on the 30 sampled cases transferred to JEU in the two preceding fiscal years remained outstanding.

These limited results are analyzed in more detail in the following section.

HPD Response: "HPD disagrees with the analysis regarding the overall percentage of collections and the implication from that analysis that collection efforts, when undertaken, are not effective. While the audit findings and conclusions state that there was insufficient information to determine the collection rate, the body of the audit still provides a flawed methodology for calculating JEU's collection activities at a collection rate of 2-3%. This methodology calculated JEU's collections as a percentage of a total collectable figure that, as HPD explained to the auditors, was inappropriate to use because collections activity continues for a portion of those cases. HPD has provided detailed information below that supports a higher collection rate, derived from a more appropriate methodology, which

calculates actual collected amounts as a percentage of the corresponding judgment amounts on completed and closed cases. . . .”

“HPD analyzed the sample used in the audit, and using the correct base found that JEU’s collection rate or settlement rate is 13%. The collection rate was determined by calculating the actual collected amounts against the corresponding judgment amounts on completed and closed cases.”

Auditor Comment: HPD confuses the settlement rate—the percentage of the judgment amounts that HPD agrees to accept in satisfaction of the judgments—with the collection rate—the percentage of the judgment/settlement amounts that is actually collected. HPD’s calculation of the settlement rate for the sampled assigned cases is limited only to those cases that were actually settled. By contrast, to determine the *collection* rate for the sampled assigned cases, all 30 should be included in the calculation, as we did. Contrary to HPD’s suggestion, in those cases where the judgments had been reduced through settlement, we based our collection rate calculation on the lower settlement amount, and not the original amount of the judgment. Accordingly, as discussed above, our analysis of the collection status for these 30 cases revealed that HPD had collected only about three percent (3 percent) of the total amount due as of January 20, 2016.

Limited Collection Results

Despite JEU’s efforts, the unit’s rate of total money collected is very low when compared with the total original judgment amount for unsettled cases and the agreed upon amount for settled cases. As reflected in Table II below, when we compared the total revised judgment amounts¹² for cases initiated and transferred to JEU in FYs 2014 and 2015 to the total amounts collected on those cases as of October 29, 2015, we noted that for the two years HPD had a collection rate of less than three percent for both years.

¹² When HPD settles a case the original judgment amount recorded in its records is updated with the settlement amount, which for the purposed of this audit we called the revised judgment amount. Therefore, the total revised judgment amount for each of FY 2014 and FY 2015 consists of the total initial judgment amount of unsettled cases plus the total revised judgment amount (or amount settled and agreed upon by the judgment debtor and HPD to settle a case) of all settled cases for each year.

Table II

Status of Cases Initiated and Transferred to Judgment
Enforcement Unit in Fiscal Years 2014 and 2015, as of
October 29, 2015

Fiscal Year	Total Cases Initiated and later Transferred to JEU	(a) Total Revised Judgment Amount*	(b) Total Payment Amount (as of 10/29/2015)	(c) Total Amount Outstanding* (as of 10/29/2015) $c = (a) - (b)$	Payment Percentage (=b ÷ a)
2014	650	\$20,314,790	\$682,326	\$19,632,464	3.36%
2015	433	\$14,831,320	\$181,480	\$14,649,840	1.22%
Totals	1,083	\$35,146,110	\$863,806	\$34,282,304	2.46%

Note: (a) The revised judgment amount column shown above represents the sum of the original judgment amount for all open, unsettled cases and the settled amount for those cases where a settlement agreement was reached between HPD and the debtors.

** The total amount outstanding reflects all unsettled and settled judgment amounts less the payments received by HPD through October 29, 2015.*

According to HPD officials, the agency's primary enforcement goal is to ensure that property owners correct violating conditions observed through inspections. The imposition of fines is sought to motivate owners to cure violations, and action to enforce money judgments is taken only when the property owners fail to remediate violating conditions.

When we discussed additional enforcement options available to the unit, such as seeking to foreclose on the property or to levy on tenants' rents until the amount of a judgment is satisfied, officials stated that HPD is reluctant to pursue those actions because of its past experiences with cases in which those actions were employed. For instance, officials recalled one case from 2004 where HPD attempted to foreclose on a property to satisfy a judgment. HPD officials noted that after a very complex process that required JEU attorneys to file papers in Supreme Court, obtain an order, and seek to auction the property, HPD accepted an offer from the building owner's title company to settle the judgment for \$50,000 on the total judgment amount of \$971,080 because the agency had been unable to obtain an offer close to the amount of the judgment lien at the foreclosure sale. Officials noted that this settlement was possible because the building had been sold and the new owner of the building, who was not the judgment debtor, claimed that the title insurance company never disclosed the lien. Consequently, the title insurance company worked out the settlement with HPD.

Similarly, HPD officials reported that the agency rarely levies on tenants' rent payments to collect outstanding money judgments against building owners, primarily because of the complexity of identifying and levying on such payments involving tenants who receive rent subsidies and/or public assistance. Officials first explained that HPD does not have direct access to information about tenants who are receiving rental assistance from HRA and/or public assistance and therefore it cannot differentiate between the judgment debtor's tenants who receive such benefits and those who do not. According to HPD officials, "the complexities stem from the difficulty of reversing the check payments from H[uman] R[esources] A[dministration] and the tenants to HPD back to the owner and ensuring that the rent payment to HPD ceases once the judgment is satisfied." They noted that in the last case in which a tenant rent levy was used, HRA continued to send HPD the rent payments for several months after the tenants and HRA were advised that the judgment had been paid. Further, they noted that when a rent demand is served and tenants

and/or HRA pay HPD directly, the owner may threaten eviction and begin proceedings against the tenant. However, HPD officials did not provide us with specific cases in which this collection method had been employed, so we are unable to verify HPD's explanation for why it has not sought to enforce its judgments against property owners by levying on rent owed to them. Moreover, officials did not identify HPD's efforts to ensure that: (1) the rent levy ceased immediately upon satisfaction of the judgment amount; and (2) any monies collected in excess of the judgment amount were remitted to the landlord in a timely manner. Nevertheless, based on its above-described concerns, HPD has opted not to use foreclosure and rent levies as part of its judgment-collection strategy.

When we asked HPD officials whether they had considered using a collection agency to collect outstanding money judgments, officials reported that HPD does not use a collection agency because they believe doing so would not be cost effective. They explained that this decision was based on a pilot program that HPD undertook in 2002-2003, in which it employed a private collection agency to collect outstanding JEU cases. According to officials, through the pilot HPD determined that JEU had collected and closed a far greater number of cases and for significantly more money per case than the collection agency. Consequently, HPD decided not to use a private collection firm as part of its collection efforts.

We also asked HPD officials if other options had been considered, such as seeking to hold back City funds from judgment debtor-building owners that may be receiving funds or benefits (i.e., tax abatements) from the City. Officials contended that this approach was not a viable means of increasing collections because they are legally limited as to the kinds of debts and property that can be seized and by the availability of information to which they have access to identify City funding received by a debtor.

Thus, based on prior experiences, some from almost 15 years ago, HPD has decided against seeking additional methods or external assistance to broaden JEU's collection efforts. By discounting alternative approaches, HPD limits its overall collection abilities and outcomes.

Recommendations

1. HPD should work with the Mayor's Office of Operations (MOO) to: (1) identify the relevant City agencies that administer rental assistance, tax refunds, and other City payments to building owners; and (2) cross-check HPD's list of judgment debtors with the building owners receiving payments from such City agencies.

HPD Response: "We agree. H[ousing] L[itigation] D[ivision] [(HLD)] is already exploring some of the options suggested by the auditors and other alternatives. Specifically, HPD explored the feasibility of working with other City agencies to identify respondents who receive other City payments subject to execution and will seek appropriate assistance from those agencies and the Mayor's Office of Operations, if and when needed."

2. HPD should seek the assistance of the City's Law Department to obtain a clear interpretation of the agency's ability to levy on non-exempt funds or benefits that judgment debtors, who are landlords, receive from the City and apply all or a portion of those funds or benefits to the judgment or settlement amounts until they are paid in full.

HPD Response: "We agree. HPD has already reached out to the Law Department (Law) and will consult with Law as necessary concerning these issues."

3. HPD should coordinate efforts with relevant City agencies to levy on non-exempt funds payable to HPD's judgment debtors, assisted as needed by MOO, the City Law Department, DOF, its Office of the Sheriff, and the City marshals, and apply the net proceeds of such levies to the satisfaction of HPD's outstanding judgments.

HPD Response: "We agree. See Response to Recommendation 1."

4. HPD should coordinate with MOO and the relevant City agencies and enforcement officers to ensure that the levies are discontinued promptly when the judgments are satisfied and should ensure that any excess collections are remitted promptly to the judgment debtors.

HPD Response: "We agree. See Response to Recommendation 1."

Backlog of Unassigned Cases

Our audit found that JEU has a persistent backlog of cases that remained unassigned to unit staff attorneys for an average of two years. The backlog is so pervasive that as of March 30, 2016, JEU's caseload consisted of 2,100 open cases, of which nearly half, or 1,043, were unassigned. The remaining 1,057 open cases were assigned to JEU attorneys, on average, a little more than two years after JEU received them.

Once Housing Litigation files the judgment with the County Clerk's office, a lien is placed against a debtor's property that will remain in effect for up to 20 years, which in effect requires the debtor to take steps to resolve the open judgment, possibly by contacting HPD, before the property can be sold with a clear title. Notwithstanding this degree of protection that the City's lien provides to its long-term interest in the judgment, the timely disposition of collection actions is important to enhance the likelihood of a successful collection effort and to ensure the intended punitive effect on a defaulting landlord.

Upon receipt of a new case from Housing Litigation, a JEU clerk records the date the case was received in the Litigation Management System (LMS), a case tracking database used by Housing Litigation and its units to track the assignment and status of cases. The files are then stored in the JEU file room until they are assigned to a unit attorney for handling.

Based on our meetings with JEU officials and staff and our review of sampled cases, we learned that JEU had a backlog of unassigned cases. To assess the extent of the backlog, we requested from JEU officials a schedule of the unit's caseload as of March 30, 2016. As shown in Table III below, our assessment disclosed that as of March 30, 2016, the ages of JEU's 1,043 open, unassigned cases (out of the 2,100 open cases in JEU's caseload) ranged from 35 days to 3,269 days and averaged 694 days (or 1.9 years) measured from the date JEU received each case to March 30, 2016, our test cutoff date.

Table III

Aging of Unassigned Open Cases
from the Date Received by JEU to
March 30, 2016

Age Range as of March 30, 2016	# of Cases	Percentage
0-30 Days	0	0.0%
31-60 Days	9	0.9%
61-90 Days	40	3.8%
91-180 Days	151	14.5%
181-365 Days	168	16.1%
366-730 Days (1 to 2 Years)	284	27.2%
731-1095 Days (2 to 3 Years)	171	16.4%
1096+ Days (Over 3 Years)	220	21.1%
Total	1,043	100.0%

Our analysis showed that the oldest of these unassigned cases had been referred to JEU on April 18, 2007, yet it remained unassigned as of March 30, 2016, nearly nine years later. However, HPD officials provided no explanation for this case going unassigned for so long a period of time.

According to JEU officials and staff, when a JEU attorney completes cases, he/she will request assignment of new cases from the JEU clerk. The clerk will pull and assign the files based on a first-in-first-out (FIFO) basis. However, an unassigned case will be given priority if the debtor, debtor's attorney, Title Company, or other relevant party contacts JEU and attempts to settle the case. Despite HPD officials' representations, the case that remained unassigned for nine years reflects that its FIFO strategy may not be consistently followed.

Of the 1,057 open cases assigned to JEU attorneys as of March 30, 2016, the average lag time between JEU's receipt of the case and its assignment to an attorney was a little more than two years. A frequency distribution showing the length of time before cases were assigned is shown in Table IV.

Table IV

Aging of Open Assigned Cases from the Date Received by JEU to the Time of Assignment On or Before March 30, 2016

Age Range	# of Cases	Percentage
0-30 Days	132	12%
31-60 Days	78	7%
61-90 Days	37	4%
91-180 Days	84	8%
181-365 Days	78	7%
366-730 Days (1 to 2 Years)	144	14%
731-1095 Days (2 to 3 Years)	138	13%
1096+ Days (Over 3 Years)	366	35%
Total Assigned	1,057	100%

The oldest open case that was being handled by a JEU attorney as of March 30, 2016 (the test cutoff date), was initially received by JEU ten years earlier on March 30, 2006; it was not assigned to an attorney until August 3, 2015, more than nine years later. Again, HPD did not provide an explanation for this case remaining unassigned for such a long period.

JEU has four attorneys (two staff attorneys, a supervising attorney, and one management attorney) that are responsible for pursuing collection of the unit's cases. According to JEU staff members, the backlog is a result of the unit's being short-staffed. On average, each attorney's caseload of assigned cases consists of approximately 250 cases or more at any given time. This caseload necessarily limits the actions that an attorney can take on each case. In addition, JEU's lack of adequate staffing could be a disincentive for the Unit to take actions that might require increased time and effort.

HPD's judgments are meant to support the agency's enforcement of housing regulations by penalizing building owners who fail to provide heat and hot water to their tenants or properly maintain their buildings. However, by allowing HPD's judgments to languish for periods of two years or more, HPD might actually be creating the unintended impression that building owners face little immediate risk of penalty for such violations.

Without the timely assignment and handling of cases, the likelihood that JEU's efforts will be successful in pursuing collections is further diminished due to the difficulty of pursuing cases long after events when evidence could be more difficult to obtain and memories fade. In FYs 2014 and 2015 JEU had a staff of eight people directly assigned to the unit, including one management attorney, one supervising attorney, two staff attorneys, two investigators and two clerical/support staff. Based on our review of the City's Payroll Management System (PMS) in FYs 2014 and 2015, JEU had annual personal costs (salaries plus fringe costs), totaling approximately \$1.06 million.¹³ When compared with JEU's total collections on money judgments in FYs 2014 and 2015 of \$2.3 million and \$3.2 million, respectively, on average JEU's direct personal costs represent nearly one-third of the amount collected by the unit.

¹³ Based on PMS, the salaries of JEU's direct personal costs of \$926,800 includes estimated salaries of \$662,258 plus estimated fringe costs of \$397,355 (based on an estimated cost factor of 1.6 times the total estimated salaries of \$662,258) attributed to employee pension, health insurance, annual, sick, and holiday leave, and other related employee fringe costs.

Recommendations

5. HPD should consider hiring or reassigning some staff attorneys from other organizational areas to JEU to reduce the current backlog of JEU unassigned cases.

HPD Response: HPD agreed, stating: “HLD acknowledges that there is a backlog of cases which have not yet been assigned. While the auditors’ list of the current staffing of JEU is not entirely accurate (JEU had a Supervising Attorney, Managing Attorney, two Staff Attorneys, two Investigators, and three Clericals). HPD is currently reviewing and assessing the current organization and staffing of JEU in the context of overall needs related to enforcement activities. HLD had already added a new attorney for JEU as of September 12, 2016.”

6. HPD should consider transferring cases to either the City’s Law Department and/or an outside collection agency to expand the collection efforts on its outstanding money judgments.

HPD Response: “We agree. HPD has already reached out to the Law [Department] regarding this recommendation and will proceed in consultation with Law to determine if this can be a cost effective feasible alternative.”

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope period for this audit covered Fiscal Years 2014 and 2015 (July 1, 2013 through June 30, 2015). This audit included a review of sampled case files to assess HPD's collection actions. We did not evaluate the decisions made by JEU in the handling of sampled cases. To achieve our objective, we carried out the procedures discussed below.

To gain an understanding of the resources available to HPD and its collection of fines, we reviewed the Comptroller's Comprehensive Annual Financial Reports and the Mayor's Management Report for FYs 2014 and 2015. To gain an understanding of the regulations governing HPD's collection of outstanding fines and judgments, we reviewed applicable sections of the New York City Housing Maintenance Code (Chapter 2 of Title 27 of the Administrative Code of the City of New York), CPLR (Articles 52 and 80), and the New York City Civil Court Act (§1502).

To gain an understanding of JEU's responsibilities and activities and to assess existing internal controls over the collection of outstanding fines and judgments, and applicable processes and procedures, we interviewed key officials and conducted walkthroughs of Housing Litigation and JEU. We reviewed JEU's policies and procedures addressing its collection processes and accounting procedures for the collection of judgments. We documented our understanding of these matters and obtained written confirmation from Housing Litigation and JEU officials.

We used HPD's hard-copy case files as our primary source of information for audit testing and LMS data as a supplemental resource. Therefore, to familiarize ourselves with the LMS database, we read the LMS user manual, conducted a walkthrough of the system, interviewed appropriate personnel, obtained read-only access, and reviewed the system's various recording and tracking functions used by both Housing Litigation and JEU.

HPD provided us with an electronic file from its LMS database containing all cases initiated by Housing Litigation during the two-year period from July 1, 2013 through June 30, 2015, and the status of those cases as of October 29, 2015 (the data extract date). We evaluated the file to assess its reliability for audit test purposes. We reviewed the scripts used by HPD to extract the information from LMS to ensure that all cases initiated within our audit scope period had been included. We also ran various sorts to assess whether there were any duplicates or anomalous records. Based on our review and tests integrated into our substantive tests, including sampled case files discussed below, we were reasonably assured that the LMS data extract provided by HPD was a fair representation of the LMS system and that the LMS database itself was reliable for audit testing purposes.

As shown in Table V below, we determined that for the two-year period Housing Litigation initiated 9,137 cases for which \$48.3 million in fines were assessed. Of these total cases, 1,083 (11.8 percent) cases with money judgments based on assessed fines, totaling \$35.1 million (or 72.7 percent of the total assessed fines), were transferred to JEU for collections.

Table V

Summary of Cases Initiated by Housing Litigation and Cases Transferred to JEU Fiscal Years 2014 and 2015

Fiscal Year	Total Cases Initiated	Total Assessed Fines or Penalties	Total Cases Transferred To JEU	Total Money Judgments Representing Assessed Penalties on Cases Transferred to JEU
FY2014	4,696	\$24,444,725	650	\$20,314,790
FY2015	4,441	\$23,870,230	433	\$14,831,320
Total	9,137	\$48,314,955	1,083	\$35,146,110

From the population of 1,083 cases transferred to JEU, we randomly selected 40 case files, consisting of 10 closed cases and 30 active cases, for audit test purposes, and obtained the hard-copy case files for review. We compared data elements from the LMS file extract to the hard-copy case files and then to the live LMS system. Through this assessment we were reasonably assured that both the LMS data extract and LMS live system was reliable for audit testing purposes. Using the same 40 sampled cases, we examined the case files, prepared an abstract of the key events of each case, and determined whether there was evidence that JEU applied the collection steps outlined in its procedures and as explained to us by Housing Litigation and JEU officials. We discussed any noted exceptions with officials and obtained explanations when necessary.

To confirm points made by HPD officials regarding the settlement of cases, we met with officials of the Comptroller's Bureau of Law and Adjustment. We then analyzed and reviewed the 10 closed cases in our sample to determine whether HPD had followed its own settlement guidelines when settling cases for an amount less than the original judgment amount.

HPD provided an electronic file extracted from LMS containing JEU's caseload of 2,100 open/active cases as of March 30, 2016. To assess the status of JEU's most recent caseload as of that date, we sorted the file to identify cases that were assigned and those that were not yet assigned to a JEU attorney. For the assigned cases, we calculated the time it took to assign each case from the day it was transferred to JEU to the date that the case was assigned to a JEU attorney. For the unassigned cases, we calculated the period of time each case had remained unassigned from the date received by JEU through March 30, 2016, representing the caseload report cutoff date.



City of New York
DEPARTMENT OF
HOUSING PRESERVATION AND DEVELOPMENT
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VICKI BEEN
Commissioner

October 14, 2016

Ms. Marjorie Landa
Deputy Comptroller for Audit
Office of the New York City Comptroller
One Centre Street, Room 1100
New York, New York 10007

Re: Audit Report on the Efforts to Collect Outstanding Money Judgments by the New York City Department of Housing Preservation and Development - MJ16-063A

Dear Deputy Comptroller Landa,

Thank you for the opportunity to respond to your "Audit Report on the Efforts to Collect Outstanding Money Judgments by the New York City Department of Housing Preservation and Development." The following represents the Department of Housing Preservation and Development's response to the findings and recommendations made in your audit report.

We generally agree with your recommendations to improve collection efforts on default judgments transferred to JEU. However, we disagree with your finding related to the collection rate and methodology used to ascertain the collection rate.

I would be happy to discuss any further issues relevant to the audit if that would be helpful. Thank you for your attention to this important issue.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Been".

Vicki Been

**Agency Response to NYC Comptroller Audit Report on HPD's
Efforts to Collect Outstanding Money Judgments**

MJ 16-063A

October 14, 2016

The objective of this audit was to evaluate HPD's efforts, in the Housing Litigation Division (HLD), to collect outstanding money judgments resulting from assessed penalties. The audit's principal finding was that "HLD's Judgment Enforcement Unit's (JEU) collection efforts, while undertaken in accordance with the New York Civil Practice Law and Rules (NYCPLR), did not result in the collection of the vast majority of the money judgments referred to JEU for collection." HPD does not object to this finding as it was based primarily on the fact that HPD has not yet sought to enforce a significant percentage of the judgments. However, HPD disagrees with the analysis regarding the overall percentage of collections and the implication from that analysis that collection efforts, when undertaken, are not effective. While the audit findings and conclusions state that there was insufficient information to determine the collection rate, the body of the audit still provides a flawed methodology for calculating JEU's collection activities at a collection rate of 2-3%. This methodology calculated JEU's collections as a percentage of a total collectable figure that, as HPD explained to the auditors, was inappropriate to use because collections activity continues for a portion of those cases. HPD has provided detailed information below that supports a higher collection rate, derived from a more appropriate methodology, which calculates actual collected amounts as a percentage of the corresponding judgment amounts on completed and closed cases. Nonetheless, HPD is planning to implement operational changes to improve collections.

Background

HLD supports the Agency's effort to ensure safe and quality housing for the people of the City of New York by compelling building owners to correct violations issued by the HPD Division of Code Enforcement and seeking civil penalties based on the provisions of the Housing Maintenance Code. HLD appeared in approximately 13,007 and 12,664 Housing Court cases in Fiscal Years 2014 and 2015, respectively.

The vast majority of cases are resolved in court through settlements/consent orders reached by HPD, the owners and, in tenant actions, the tenants, which are "so ordered" by the Court. Building owners generally correct violations and pay the civil penalties when imposed in consent orders signed by the court. HPD collected \$3.3 million related to FY14 cases and \$3.2 million related to FY15 cases as a result of such consent orders, which reflect collections in 95% and 99% of cases resulting in settlements.

JEU's work relates to a portion of HLD's overall collection activity. The focus of this audit was on the collections activity within JEU only. This narrow focus restricted the audit to the 10-15% of cases where HLD obtained money judgments that were referred to JEU for collection.

Because HPD recognizes the important role that penalties and collection of those penalties plays in deterring bad actors, the agency undertakes exhaustive collection efforts under NYCPLR

based on a judgment. The majority of the judgments assigned to JEU are default judgments. A default judgment is entered by the Court when a building owner fails to appear in court. In heat/hot water judgments, which comprise approximately 75% of the judgments handled by JEU, HLD had sought and was awarded a judgment for daily civil penalties from the date the violation was issued to the date of the hearing. Once an owner is contacted regarding these judgments, the owner is able to present a defense just as he/she would have done in court, which usually includes providing information about when the condition was actually corrected. HLD often determines that the appropriate civil penalty may be significantly less, and the civil penalty may be reduced, for example, from weeks or months of daily penalties to days. This process therefore lends itself to a collection rate significantly below 100%, given the nature of the process and because the originally determined penalty amount is based on a maximum penalty.

The auditors' methodology also failed to take into account that when JEU enters into a settlement agreement and the penalties are paid, the vast majority of the original default judgment amounts are no longer subject to collection.

HPD analyzed the sample used in the audit, and using the correct base found that JEU's collection rate or settlement rate is 13%. The collection rate was determined by calculating the actual collected amounts against the corresponding judgment amounts on completed and closed cases; for details see page 4.

HPD generally agrees with the recommendations to improve collection efforts on default judgments transferred to JEU. We will take a fresh look at approaches that may not have been successful in the past in order to improve collections. Further details of our efforts are included in our response to the recommendations below:

Audit Recommendations

1. HPD should work with the Mayor's Office of Operations to (1) identify the relevant City agencies that administer rental assistance, tax refunds, and other City payments to building owners and (2) cross-check HPD's list of judgment debtors with the building owners receiving payments from such City agencies.

Agency Response to Recommendation 1: We agree. HLD is already exploring some of the options suggested by the auditors and other alternatives. Specifically, HPD explored the feasibility of working with other City agencies to identify respondents who receive other City payments subject to execution and will seek appropriate assistance from those agencies and the Mayor's Office of Operations, if and when needed.

2. HPD should seek the assistance of the City's Law Department to obtain a clear interpretation of the agency's ability to levy on non-exempt funds or benefits that judgment debtors, who are landlords, receive from the City and apply all or a portion of those funds or benefits to the judgment or settlement amounts until they are paid in full.

Agency Response to Recommendation 2: We agree. HPD has already reached out to the Law Department (Law) and will consult with Law as necessary concerning these issues.

3. HPD should coordinate efforts with relevant City agencies to levy on non-exempt funds payable to HPD's judgment debtors, assisted as needed by Mayor's Office of Operations , the City Law Department, DOF, its Office of the Sheriff, and the City marshals, and apply the net proceeds of such levies to the satisfaction of HPD's outstanding judgments.

Agency Response to Recommendation 3: We agree. See Response to Recommendation 1.

4. HPD should coordinate with the Mayor's Office of Operations and the relevant City agencies and enforcement officers to ensure that the levies are discontinued promptly when the judgments are satisfied and should ensure that any excess collections are remitted promptly to the judgment debtors.

Agency Response to Recommendation 4: We agree. See Response to Recommendation 1.

5. HPD should consider hiring or reassigning some staff attorneys from other organizational areas to the JEU to reduce the current backlog of JEU unassigned cases.

Agency Response to Recommendation 5: HLD acknowledges that there is a backlog of cases which have not yet been assigned. While the auditors' list of the current staffing of JEU is not entirely accurate (JEU had a Supervising Attorney, Managing Attorney, two Staff Attorneys, two Investigators, and three Clericals), HPD is currently reviewing and assessing the current organization and staffing of JEU in the context of overall needs related to enforcement activities. HLD had already added a new attorney for JEU as of September 12, 2016.

6. HPD should consider transferring cases to either the City's Law Department and/or an outside collection agency to expand the collection efforts on its outstanding money judgments.

Agency Response to Recommendation 6: We agree. HPD has already reached out to the Law regarding this recommendation and will proceed in consultation with Law to determine if this can be a cost effective feasible alternative.

Other Matter- JEU's 13% Actual Collection Rate on 15 Closed Cases

The audit report's figure of 2-3% collections at JEU includes the amount collected against the entirety of the outstanding judgments plus the new settlements. The analysis below shows the Agency's collection efforts through our JEU attorneys on the 30 cases representing \$1,355,085:

	Case Tracking Number	Case Type	Judgement Amounts	Adjustments	Settled Amounts as Of 9/23/16	Actual Realized Collection Rate	Final Collected Amounts	Status
1	112142	Heat & Hot Water	\$ 22,500	\$ -	\$ 22,500	100%	\$ 22,500	Paid in full-closed 12/4/14
2	105368	Heat & Hot Water	65,150	(59,150)	6,000	9%	6,000	Settled-closed 6/23/15
3	103825	Heat & Hot Water	40,900	(38,400)	2,500	6%	2,500	Settled-closed 3/4/15
4	108977	Heat & Hot Water	32,150	(30,150)	2,000	6%	2,000	Settled-closed 5/21/15
5	112482	Heat & Hot Water	11,650	(10,150)	1,500	13%	1,500	Settled-closed 9/15/14
6	113780	Heat & Hot Water	100,650	(99,400)	1,250	1%	1,250	Settled-closed 3/18/15
7	110160	Heat & Hot Water	43,150	(42,150)	1,000	2%	1,000	Settled-closed 6/16/14
8	111601	Heat & Hot Water	106,150	(105,150)	1,000	1%	1,000	Settled-closed 9/11/15
9	113516	Heat & Hot Water	37,150	(36,150)	1,000	3%	1,000	Settled-closed 7/22/14
10	106042	Tenant Action	5,640	(4,890)	750	13%	750	Settled-closed 11/3/14
							39,500	Collections reported by auditor as of 1/26/16 (Note 2)
11	105901	Tenant Action	36,360	-	36,360	100%	\$ 36,360	*Paid in full-closed after 1/26/16
12	127022	Heat & Hot Water	198,150	(188,150)	10,000	5%	10,000	*Settled-closed 1/26/16
13	109006	Heat & Hot Water	15,000	(10,000)	5,000	33%	5,000	*Settled-closed after 1/26/16
14	121661	Heat & Hot Water	10,150	(7,150)	3,000	30%	3,000	*Settled-closed after 1/26/16
15	107660	Tenant Action	5,630	(4,880)	750	13%	750	*Settled-closed after 1/26/16
							55,110	Subsequent collections
	Total Settled and Closed, 15 cases	37%	\$ 730,380	\$ (635,770)	\$ 94,610	13%	\$ 94,610	
	JEU Attorney, 5 active cases	16%	313,420		313,420			
	Inactive, 10 cases (note 1)	47%	942,975		942,975			
	Total 30 cases	100%	\$ 1,986,775		\$ 1,351,005 (note 3)			
<p>Note 1- inactive/rest in peace status; exhaustive enforcement efforts produce no results.</p> <p>Note 2- auditor's reported total collections of \$ 39,500 as of 1/26/2016.</p> <p>Note 3- we noted a difference of \$4,080 from the auditors' reported amount of \$1,355,085.</p>								

The majority of the recorded outstanding judgment amounts were settled for approximately 13% of the default judgment after considering the situation presented by the debtor or the successor landlord that may reflect the actual situation of the case (i.e. owner provided proof that violation was cured close to the violation date). The final settlement amounts are submitted for review and approvals are obtained from the Comptroller's Office.