



The City of New York
Department of Investigation

MARGARET GARNETT
COMMISSIONER

80 MAIDEN LANE
NEW YORK, NY 10038

June 6, 2019

BY FIRST-CLASS MAIL

Elizabeth Glazer, Esq.
Director, Mayor's Office of Criminal Justice
1 Centre Street, 10N
New York, NY 10007

Re: Man Up, Inc.

Dear Ms. Glazer:

The Department of Investigation ("DOI") has completed an investigation related to Man Up, Inc. ("Man Up"), a not-for-profit organization funded, in part, by contracts with the Mayor's Office of Criminal Justice ("MOCJ"). As explained below, DOI's investigation found potential violations of Man Up's contract with MOCJ and fiscal mismanagement at the organization.

I. Background

Man Up was incorporated in 2005. According to the organization's 2016 IRS Form 990, its mission is providing "mentoring" and "community outreach" through "programs such as [C]ure Violence" and an "anti-[g]un violen[c]e initiative geared towards reducing gun violence and senseless killings." According to the Form 990, the organization also provides "[a]fter-school-homework help and tutoring" and employment assistance.

Man Up currently holds City contracts with a value of more than \$6.1 million with MOCJ, the Department of Probation ("DOP"), the Department of Education ("DOE"), and the Department of Youth and Community Development ("DYCD"). The New York City Council has funded ten awards to Man Up in connection with the Fiscal Year 2019 discretionary budget, totaling \$941,000. According to PASSPort and the New York City Council's website, these contracts are for a variety of services, including anti-gun violence initiatives and community youth programming, as well as services at the Price Joshua Avitto Community Center in East New York.

Man Up's executive and administrative offices are located at 797-799 Van Siclen Avenue in Brooklyn, where the organization operates a job development center. Man Up also manages after-school programs, job development services, and a youth entrepreneurship training center at a multi-purpose space located at 530 Sutter Avenue in Brooklyn.

From 2013 to 2018, the organization also received significant funding through a community benefits agreement (the "CBA") between Related Companies and East New York Restoration Local Development Corporation ("East New York Restoration LDC"). According to East New York Restoration LDC's 2017 Form 990, the CBA was created in connection with the "expansion of the Gateway Mall Center" and had the purposes of "job readiness and referral," "small business promotion and support," and "community relations."

II. DOI's Investigation and Findings

A. Proceeds from a Man Up Training Program Were Deposited into Executive Director Andre Mitchell's Personal Bank Account from 2016 to 2018

Man Up previously operated a youth employment program known as the "Man Up Café" at 530 Sutter Avenue in Brooklyn, the site of the CBA-funded Business and Entrepreneurship Youth Training Center ("BETC"). According to a promotional document provided by MOCJ to DOI, BETC "provides free space for various entrepreneurial programs, hands-on training, local pop-up shops and other embryo business initiatives" (emphasis in original). According to a MOCJ representative, Man Up recruited youth participants for the café program from its other youth programs, including the DYCD-funded after-school, summer day camp, and teen center programs. Man Up Executive Director Andre Mitchell stated to DOI that the Man Up Café closed in November 2018.

DOI has not identified evidence that Man Up Café was directly funded by the City, except in limited instances.¹ According to Mitchell, start-up costs related to the café (e.g., refrigerators and displays) were financed with funds from Man Up's bank account,² while the ongoing expenses of the café – including its inventory – were funded by cash from the café's sales. Mitchell also stated that he personally funded expenses related to the cash register system and the café's credit card fees through debits from his personal bank account.

DOI found that between April 2016 and February 2018, more than \$15,000 in proceeds from credit card and delivery sales at Man Up Café were deposited into Mitchell's personal bank account.³ For the most part, these transfers ceased in February 2018, shortly after Man Up opened

¹ Specifically, fees related to the café's cash register system were charged to MOCJ invoices on at least four occasions, for a total of \$157.80. Furthermore, MOCJ appears to have funded rent and utility expenses relating to 530 Sutter Avenue until Fiscal Year 2019.

² During his interview with DOI, Mitchell gave conflicting answers to the questions of whether these original funds were "unrestricted" or related to a City contract.

³ As discussed below, this figure falls to \$11,862.63 after deducting the above-referenced cash register and credit card

an account at Capital One Bank that began receiving the café's credit card sale proceeds.

Mitchell told DOI that he had been unaware that proceeds from the café had been deposited into his own bank account until after he received DOI's subpoena. According to Mitchell, after he was served with DOI's subpoena on November 1, 2018, he reviewed his personal bank account activity and identified approximately \$15,000 in such payments. These payments were offset, in part, by the fees and expenses deducted from his account related to the café's cash register system and credit card merchant fees. Mitchell stated that he also identified a \$1,000 payment from a Man Up subcontractor that was incorrectly deposited into his own personal account, rather than a Man Up corporate account.

According to Mitchell, shortly thereafter, he reported the payments to Man Up's board. The minutes of the November 17, 2018 board meeting state that Mitchell had "paid back" \$1,000 to the organization at that time,⁴ and that he had agreed to "make three payments" of \$2,181.60 (for a total of \$6,544.80) by December 31, 2018. Mitchell told DOI that, in a subsequent meeting, he disclosed to the board that he had actually received approximately \$15,000 from the café. Mitchell further stated that he had agreed with the board of directors to repay the debt – totaling approximately \$10,000, after deducting cash register and credit card fees – in full by May 30, 2019. Man Up has provided DOI with checks from Mitchell to Man Up demonstrating repayments in the amount of \$7,814.

In her interview with DOI, Man Up Board Chair Aiesha Muhammad stated that she understood revenues from the café had been deposited into Mitchell's personal bank account, which she believed to be an "oversight." Muhammad confirmed that Mitchell had agreed to repay these funds to Man Up through a payment plan. Man Up's Director of Finance, Rhonda Brown-Moore, stated that she was aware that Mitchell had entered into a "payment plan" with Man Up; although she stated that she was not aware of the reasons for the "payment plan," she believed it had been related to a "loan."

B. Employment of Relatives on City-funded Programs

DOI's investigation found that Man Up has recently employed several members of Andre Mitchell's family whose salaries were funded, at least in part, by the City.

Mitchell's daughter, Dominique Yates, was employed at Man Up from approximately July 2013 through, as Mitchell told DOI, approximately the end of 2018. Dominique Yates' most recent position at Man Up was Director of Administration with a salary of approximately \$65,000. A budget attached to Man Up's 2017 contract with MOCJ lists "D. Yates" as an "Administrative Assistant" earning a salary of \$35,000.

fees that Mitchell paid from his own account. Mitchell told DOI that he believed his own payments to total approximately \$5,000, but DOI's independent review identified approximately \$3,948.09.

⁴Based upon Mitchell's interview statements and a document provided to DOI, it appears that Mitchell paid \$1,000 back to the subcontractor and the subcontractor paid \$1,000 to Man Up directly.

Mitchell's son, DeAndre Yates, was employed at Man Up from August 2015 through, as Mitchell also stated, approximately the end of 2018. DeAndre Yates' most recent position at Man Up was Program Instructor at a salary of \$30,000. DOI did not identify DeAndre Yates' name in the budget attached to Man Up's 2017 contract with MOCJ, although his salary appears to be billed, in part, to a 2018 contract with the Department of Education.

The employment of Dominique Yates and DeAndre Yates appears to have ceased weeks after DOI served Man Up with a subpoena for records on November 1, 2018. Mitchell stated, however, that both of his children left their jobs at Man Up for personal reasons.⁵

During her interview with DOI, Man Up Director of Finance Rhonda Brown-Moore identified another employee, Joshua Mann, as Mitchell's "half-brother." Man Up payroll records also show that a "Joshua Mann" and a "David Mann" have been paid what appear to be salaries funded, at least in part, by the MOCJ contract. Furthermore, Man Up has made what appear to be salary payments to an "Eric Mann," which DOI has not tied to any City contract. As of the date of this letter, Man Up's attorney has not responded to multiple inquiries into whether Eric, Joshua, or David Mann are related to Mitchell.

Man Up's contract with MOCJ, which appears to have been executed in or around September 2017, prohibits supervisors at the organization from supervising members of his or her "immediate family." Contract, 6.05 (C); Appendix A, 2.20(F) ("Without the prior written consent of the Commissioner, no person may hold a job or position with Contractor over which a member of his or her immediate family exercises any supervisory, managerial or other authority whatsoever whether such authority is reflected in a job title or otherwise, unless such job or position is wholly voluntary and unpaid."). According to a MOCJ representative, Man Up did not obtain the agency's prior written consent to employ family members of Andre Mitchell.

C. Effective Use of City Funding

From June 2017 through July 2018, Man Up paid approximately \$29,192.40 to rent office space in downtown Brooklyn through the WeWork company. At least \$11,425.47 of that was included on invoices submitted to MOCJ. During his interview, Mitchell stated that he refers to this office as the "executive space." According to Mitchell, he and Associate Executive Director James Peterson are the only Man Up staff who have used the space. Mitchell told DOI that Man Up rented this space so that he could bring himself "outside of [his] normal work environment," but that he has used the space infrequently.⁶ Peterson stated that he had used the space "one to three times" within the last year.

DOI is not aware of whether MOCJ knowingly approved of the expenses related to this site. In any event, as discussed below, DOI recommends that MOCJ review these expenditures to

⁵ Mitchell's cousin, Marvin Mitchell, also serves as a member of Man Up's board of directors. Moreover, DOI's research indicates that Mitchell lives with Man Up's Director of Programs, Terry Norfleet.

⁶ Mitchell stated that he used the space "sometimes once a week, sometimes once every two weeks," and that he "did not spend a lot of time" there because it was difficult to find time to travel to the space.

determine whether they were an effective use of City funds, and, if not, whether any enhancement should be made to MOCJ's oversight of its not-for-profit contractors' expenditures.

D. Man Up's Governance, Fiscal Management, and Oversight

Man Up appears to have experienced challenges in its administration of City funds. In performance evaluations for Fiscal Years 2017 and 2018, the City Department of Probation answered "no" to the question of whether Man Up maintained "adequate records and logs" and whether it submitted "accurate, complete and timely payment requisitions, fiscal reports and invoices, timesheets and other required daily and periodic record submissions." The Department of Probation's 2018 evaluation added to that: "Invoices accurate, however consistently late."

Similarly, MOCJ's Office to Prevent Gun Violence noted in a site visit report dated October 30, 2018: "Man Up has been having difficulty processing invoices on time and have been requesting multiple expedited payments. They have not yet closed out their FY 18 expenses and are requesting a modification on this budget."

Mitchell stated that Man Up has no Chief Financial Officer, even though Rhonda Brown-Moore holds the title of Director of Finance. During his interview with DOI, Mitchell stated that James Peterson is responsible for assembling budgets, seeking reimbursements from the City, and allocating percentages of expenses to various contracts. Peterson, however, told DOI that he was unaware of what factors the organization uses to determine the percentages of employee salaries that are allocated to different City contracts.

At the recommendation of the Department of Health and Mental Hygiene, Man Up engaged Public Health Solutions ("PHS") in or around 2016 and 2017 to assist with its financial and administrative duties, including drafting and submitting budgets and invoices, as well as audits and reconciliations. Although Man Up's relationship with PHS ended in 2017, Peterson informed DOI that Man Up expects to enter into an arrangement with the Fund for the City of New York ("FCNY") to assist with the organization's financial administration. Peterson stated that FCNY had agreed to start this work on or around July 1, 2019, pending the outcome of DOI's investigation.

III. Conclusion

DOI's investigation found that: (1) Man Up's internal fiscal oversight and administration was inadequate to prevent multiple instances in which the organization's Executive Director Andre Mitchell was paid funds to which he was not entitled; (2) Man Up has employed multiple family members of Mitchell, in violation of the terms of its contract with MOCJ; and (3) at least some expenditures under the MOCJ contract appear to be potentially ineffective uses of City funding. DOI now makes the following recommendations to MOCJ:

- (1) MOCJ should enter into a Corrective Action Plan with Man Up to ensure that the organization has adequate internal controls to properly oversee and administer City funding. The Corrective Action Plan should ensure that the organization is now in

Elizabeth Glazer, Esq.

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compliance with the conflict of interest provisions of its contract, including relevant prohibitions on the employment of family members. As part of the Corrective Action Plan, MOCJ should take steps to ensure that Man Up has the appropriate personnel, and as necessary, external support, to oversee and administer its finances. The Corrective Action Plan should also require that Man Up correct any previous public filings, such as IRS Forms 990, to the extent that is necessary.

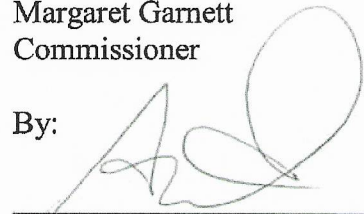
- (2) MOCJ should review Man Up's more than \$11,000 in expenditures for private, separate office space to determine whether those expenditures were an effective use of City funds, and, if not, whether any enhancement should be made to MOCJ's oversight of not-for-profit contractors' expenditures under MOCJ contracts.

Please respond to me within 30 days of the date of this letter to indicate whether MOCJ intends to accept these recommendations. DOI otherwise refers these findings to MOCJ for any action it deems appropriate. If you have any questions or wish to discuss this matter in more detail, please feel free to contact me at (212) 825-6859.

Very truly yours,

Margaret Garnett
Commissioner

By:



Andrew Sein
Inspector General

cc: Susan Sommer, General Counsel, MOCJ (by e-mail)
Jason Otaño, General Counsel, New York City Council (by e-mail)
Caroline Press, General Counsel, DYCD (by e-mail)
Wayne McKenzie, General Counsel, DOP (by e-mail)
Howard Friedman, General Counsel, DOE (by e-mail)
Victor Olds, General Counsel, Mayor's Office of Contract Services (by e-mail)



Mayor's Office of Criminal Justice

Elizabeth Glazer, Director
One Centre Street, 10th Floor
New York, NY 10007

June 21, 2019

VIA U.S. MAIL AND EMAIL

Commissioner Margaret Garnett
Department of Investigation
80 Maiden Lane
New York, NY 10038

RE: Man Up, Inc.

Dear Commissioner Garnett:

Thank you for your letter of June 6, 2019 regarding the Department of Investigation's (DOI) findings and recommendations following its investigation of Man Up, Inc. We have reviewed the findings and recommendations carefully and appreciate DOI's work on this matter. We wish to advise you that the Mayor's Office of Criminal Justice intends to accept the recommendations proposed in your letter.

Very truly yours,

Susan Sommer
General Counsel

cc: Elizabeth Glazer, Director, MOCJ
Jason Otaño, General Counsel, New York City Council (by e-mail)
Caroline Press, General Counsel, DYCD (by e-mail)
Wayne McKenzie, General Counsel, DOP (by e-mail)
Howard Friedman, General Counsel, DOE (by e-mail)
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