

No More Victor Riveras.

In New York City, the name “Victor Rivera” has become synonymous with sexual abuse and private inurement. This marks a plummet from grace for a man who formerly helmed one of New York’s largest shelter networks – the Bronx Parent Housing Network (BPHN). Over the past decade, BPHN became a key partner in the city’s response to addressing homelessness and “received [over] \$274 million in city funding to run almost 70 sites of homeless housing” (Harris, 2021d). However, for numerous female employees and unhoused women, what were supposed to be safe havens were anything but. Victor Rivera leveraged his power and status to sexually harass and sexually assault women whilst escaping culpability, once remarking that “nobody tells Daddy no” (Harris 2021d). For its part, BPHN facilitated the silencing of women who spoke out against Victor Rivera by paying “a combined \$175,000 in confidential settlements in 2017 and 2019” (Harris, 2022). The illicit transfer of capital between BPHN, Victor Rivera, and other parties did not stop there. According to former employees of BHPN, one of the for-profit companies Victor Rivera owned, Community Outreach Consulting Firm, “shared staff and resources with the Bronx Parent Housing Network” - a situation that the NY Department of Social Services (DSS) likened to a conflict of interest (Harris, 2022). Yet, despite the extra attention from the DSS and a BPHN whistle-blower, Victor Rivera continued to engage in acts of self-dealing and nepotism. He “enriched himself... by accepting bribes from companies doing work for his organization” and “steered lucrative contracts to friends” and family (Harris 2021d). Victora Rivera now faces criminal charges and, just over a month ago, he pleaded guilty to “accepting kickbacks from contractors working with [BPHN] and laundering the money through entities he controlled;” but the key question is: How was he able to carry on with impunity for so long (Harris, 2022)?

Victor Rivera should have been stopped long before his name populated the pages of The New York Times, but he was not. Why? “How was Victor Rivera allowed to retain his position as [President and CEO] of BPHN and avoid prosecution for so many years, after allegations of sexual abuse, conflict of interest, and financial malfeasance had been filed with both NYC’s Department of Human Services and with BPHN itself?” (Firoozye & Seeman, (2021).

Additionally, what do the failures of Victor Rivera, the BPHN, and the DSS tell us about the state of homeless services in New York City? This paper seeks to explore and respond to these questions by providing an overview of the parties involved and assessing their motives and actions. This assessment will bridge the legal concepts of due process, ancillary joint ventures, and self-dealing. Finally, I will conclude by offering strategies to diminish the likelihood of similar situations arising in the future; there should be no more Victor Riveras.

New York City’s Department of Social Services (DSS) is comprised of the Human Resources Administration (HRA) and the Department of Homeless Services (DHS). The two divisions work to provide indigent New Yorkers with access to public benefit programs and shelter (DSS, n.d.). New York City is unique in that it is one of the only cities in the United States with a right to shelter – a legal obligation “to provide housing to every homeless person” (Harris, 2021a). This legal obligation dates to the “1979 lawsuit *Callahan v. Carey*,” which spurred “the New York State Supreme Court [to order] the City and State to provide shelter for homeless [people] in a landmark decision that cited Article XVII of the New York State Constitution” (Coalition for the Homeless, n.d.). As a basis, Section 1 of the Article (Article XVII, §1) states, “The aid, care and support of the needy are public concerns and shall be provided by the state and by such of its subdivisions” (The New York State Senate, 2014). While the DHS must “[meet] its legal mandate to provide temporary emergency shelter to those

experiencing homelessness in a safe and respectful environment,” the task is a tall order (DHS, n.d.). In order to fulfill this legal obligation, the DHS contracts with nonprofit groups to operate shelters, and “as homelessness has climbed to record levels, city spending on these groups has increased to more than \$2 billion a year” (Harris, 2021a). The Bronx Parent Housing Network (BPHN) is one of the 70 housing operators that the DHS enlisted to serve New York’s homeless population (Harris, 2021b). Yet, in delivering the legal right to shelter, the DHS has been criticized for being “slow to punish organizations that break the rules” because “officials say there is a limited number of nonprofits willing and able to run shelters” (Harris, 2021b).

The scarcity of nonprofit shelter providers leads to a situation where maintaining the quantity of available shelter beds takes precedence over enforcing the quality of the nonprofit service providers. Notably, five of the seven “critical objectives” listed under the DHS website correlate with quantitative metrics over qualitative outcomes (DHS, n.d.). The sole qualitative objectives listed are “to maintain shelter safety and sanitation” and “to increase client engagement and responsibility in moving to permanent housing” - objectives that were overlooked in the case of BPHN (DHS, n.d.). Councilman Stephen Levin serves as the chairman of the committee that oversees the city’s social service programs; he remarked, “In 15+ years in govt and housing nonprofit, I can’t recall seeing anything as egregious as this—a powerful CEO coercing clients into sex in exchange for helping them” (Harris, 2021a). While city officials have been aware of allegations of Victor Rivera’s sexual misconduct, nepotism, and conflict of interest since 2017, little amounted aside from placing BPHN on “a special watch-list that meant the organization would be subject to increased scrutiny” (Harris, 2021b). The reluctance of the Department of Social Services to act swiftly and sternly in response to Victor Rivera’s behavior was rationalized as a desire to “resolve matters collaboratively” due to the “legal and moral

obligation to provide shelter to all those who need it, no matter what” (Harris, 2021a). Yet, this desire overlooks the stated qualitative aim of maintaining “shelter safety,” especially for the unhoused women whom Victor Rivera preyed on. Christine C. Quinn, a former speaker of the City Council, aptly assessed “that [the BPHN] was huge, and the city didn’t want to rock the boat because they needed the beds” (Harris, 2021a).

The BPHN flourished financially while circumnavigating employee complaints and increased scrutiny from the Department of Social Services. In less than ten years, BPHN’s annual revenue increased from \$1.1 million in 2012 to more than \$82 million in 2019 (Harris, 2021b). A small portion of those funds were used to buy the silence of two former BPHN employees who spoke out against the sexually abusive acts committed against them by the organization’s President and CEO, Victor Rivera. In one instance of abuse, an assailed employee lodged a complaint with New York City’s 311 hotline only to be redirected to the BPHN and ultimately, Victor Rivera (Harris, 2021b). Accordingly, the “due process” the employee received was a lackluster interview from BPHN staff members who “seemed uninterested in pushing too hard” (Harris, 2021b). The outcome of the internal investigation was a conclusion that “her complaint was unfounded because of a lack of evidence” (Harris, 2021b). The employee was then fired by Victor Rivera, which “[prompted] her to file a complaint with the state for unlawful discrimination” (Harris 2021b). In response, BPHN “paid her \$45,000 not to pursue it further” and “included a provision that prevented her from talking publicly about what had happened” (Harris, 2021b). In another case of sexual misconduct, “the nonprofit paid [an employee] a \$130,000 settlement that included a non-disparagement clause barring her from publicly discussing [Victor] Rivera’s conduct” (Harris, 2021b). The self-preserving actions of the BPHN reflect a desire to maintain its financial gain and curtail negative publicity, even while blatantly

disregarding the ethical violations taking place within the organization. As a result, the female employees who spoke out against Victor Rivera were not given fair due process by the BPHN board and instead had their silence bought with the organization's money. How were such ethical violations allowed to continue? Well, it is helpful that "the nonprofit's board for years was filled with friends and associates of [Victor] Rivera" (Harris, 2021c). This created a situation where any due process was tainted because of a lack of an "unbiased tribunal" and an "opportunity to be represented by counsel" (Strauss, n.d.).

The nepotism implicit in the board structure of the BPHN extended to the for-profit entities the organization engaged with. According to "city and court documents... [the BPHN]" steered millions of dollars in rent to a company run by [Victor Rivera's] onetime business partner" (Harris, 2021b) The BPHN also "leased at least two shelter buildings... from a company called Urban Residences Corp., which is owned by [Victor] Rivera's former partner in a for-profit housing venture" (Harris, 2021b). In another notable case, the BPHN "shared staff and resources" with a for-profit company that Victor River started in 2011 – Community Outreach Consulting Firm. The firm can be considered to be an ancillary joint venture of the BPHN – an undertaking where "one or more of the venturers places a small portion of its operations in the venture" (Hopkins, 2005, p. 199). The benefit of an ancillary joint venture is that it can be pursued "without establishment of an entity and without a document signifying it; indeed, the joint venture form can be imposed on parties in particular factual circumstances, even contrary to their intent and wish" (Hopkins, 2005, p. 198). Skirting legal documentation and leaving behind little-to-no paper trail, this venture aided Victor Rivera in his money laundering schemes, schemes that the BPHN were complicit in, either through ignorance or indifference. With regards to the mistreatment of its assets and the deviance away from its exempt purpose towards Victor

Rivera's private interests, "it is clear that the board failed in all three of its [legal] duties – Duty of Care, Duty of Loyalty, and Duty of Obedience" (Firoozye & Seeman, 2021).

"It was a very stupid thing that I did,' [Victor] Rivera said during his plea in federal court in Manhattan, according to a transcript of the proceedings. 'It was dumb. Greed'" (Harris, 2022). Victor Rivera's words ring out true and empty. "True" because greed motivated Victor Rivera to pursue acts of self-dealing; he received illegal kickbacks from the organizations that he directed BPHN to contract while his legal "salary [simultaneously] swelled to [over] \$326,000 in 2019" (Harris, 2021b). "Empty" because greed alone did not motivate Victor Rivera to sexually harass and sexually assault the vulnerable population he was charged with serving. For those crimes, Victor Rivera has yet to face judgement. In a heartbreaking account, Victor Rivera coerced a woman to leave a BPHN shelter and reside in one of the apartment units he owned in the Bronx under the guise that she would be safer there, only to be sexually assaulted and have her newfound housing leveraged against her. After the assault, "she lived in fear that [Victor] Rivera would barge into her room, so she slept with a knife tucked under her pillow and a chair propped against her door" (Harris, 2021b). Such was the impact Victor Rivera had on the women who resided in the shelters his organization presided over or in the private apartments he owned and would funnel women into, all the while collecting city payments issued to landlords renting to unhoused individuals (Harris, 2021b). Victor Rivera's actions were not only "stupid," they were also horrific.

The laws of demand and supply have dictated the care by which city officials approach New York's "right to shelter" covenant. Due to a shortage of shelters and an alleged shortage of nonprofit organizations willing to manage those shelters, nonprofit organizations have leeway to underdeliver in the quality of the services and engage in acts of self-dealing without swift

recourse. This is evidenced in the fact that although “ten of the 70 [shelter] operators are on a special city watchlist for management or financial improprieties... all of them continue to receive funding” - including the BPHN (Harris, 2021a). While Victor Rivera has since been fired from the BPHN and now faces criminal sentencing, his story should serve as an impetus to change the current homeless service system in New York, a system that fails to distinguish between a right to shelter and a right to *safe* shelter.

Where does change start? The National Coalition for the Homeless (NCH), a 501(c)(3) nonprofit organization that was founded shortly after the decision of *Callahan v. Carey*, asserts that “we must more fully integrate those experiencing homelessness into reforming our systems” (National Coalition for the Homeless, 2021). To better serve and safeguard New York City’s unhoused population, the NCH recommends that “cities should employ an advisory committee of people who have been homeless, or a homeless ombudsman, to review agencies serving people who are unhoused and ensure that they are acting in the best interest of those experiencing homelessness” (National Coalition for the Homeless, 2021). Adding to this recommendation, I would suggest exploring a peer auditing system amongst shelter providers. Ideally, such a system would encourage accountability and transparency. To best avoid collusion, it would be worth pairing organizations that have high ratings from constituents and city officials with organizations that are on the city’s watchlist. Lastly, another option is to promote a tax-choice system where constituent feedback directs the allocation of taxpayer money towards and away from nonprofit organizations, depending on their performances. Such a move has the potential to empower unhoused populations to guide the flow of public resources towards organizations that offer quality services and away from corrupt organizations and individuals that bear any likeness to Victor Rivera. After all, there should be no more Victor Riveras.

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