

Nonprofit Ethical Case:

Powerlessness in the Unhoused Community: How the CEO of a NYC Nonprofit Homeless Shelter Organization Abused His Position of Power

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'Nobody Tells Daddy No': A Housing Boss's Many Abuse Cases

Victor Rivera gained Power and profit as New York's homeless crisis worsened. Accused of sexual and financial misconduct, he has largely escaped consequences.

Courtesy: BPHN



Bronx Parent Housing Network (BPHN) receives hundreds of millions of dollars in government funding as one of the largest shelter providers in New York City to offer transitional housing and services to homeless and single parent families. A New York Times investigation published Feb 7, 2021, revealed that BPHN's CEO, Victor Rivera, engaged in sexual abuse of employees and service recipients and financial malfeasance. As a result, Rivera has been fired, the city has directed BPHN to hire an independent investigator to examine the allegations, and the Bronx DA's office has opened a criminal investigation. To ensure future compliance, the city has contracted with an outside auditing firm review non-profit shelter providers.

**Safe, Affordable,
Permanent
Housing**

**Temporary
Housing
Placement**

**Supportive
Housing, Priority
Access to
Housing**

**Housing for
Persons Living
with HIV/AIDS**

**Social Support
Services, Case
Management**

BPHN's Core Services

**Empowerment,
Moving People
Towards
Independence**

**Safety, Crisis
Intervention**

**Immigration
Services**

**Substance Use
Disorder
Counseling**

**Mental Health
Support**

Facts

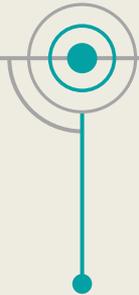
Bronx Parent Housing Network's (BPHN) mission is to make a difference in solving the housing problem in New York City by transforming lives and creating holistic paths to employment so that individuals and families can secure safe, clean, affordable, permanent housing. They provide support to low to moderate income homeless and single parent families in the form of transitional housing to individuals afflicted and suffering from homelessness and socio-economic barriers and complications in medical and mental health.



- 2001-** BPHN began with a \$700,000 budget, managing 36 housing units in 1 building.
- 2011-** Gov. Cuomo cuts the state contribution to rental subsidies, and Mr. Bloomberg dismantles the program. Over the next three years, the shelter population explodes.
- 2015-** Over 2/3 of people living in NYC shelter system—more than 44,000 people—were parents and their children from a few clustered zip codes in the poorest neighborhoods like the Bronx.
- 2018-** Mayor pledges to add 15,000 units of supportive housing over 15 years in a bid to end homelessness in New York (Turning the Tide Program).
- 2019-** About 70% of city shelter residents are families with children, and the vast majority of those are headed by single mothers, according to the Department of Homeless Services. About 15,000 school-aged children (kids from 4 to 17) stay in city shelters each night, DHS says.
- 2021-** Contracts totaling over \$70 million dollars offering housing and support services that spans over 80 building sites and oversight of \$2 billion network of homeless shelters.

BRONX PARENT HOUSING NETWORK FACTS TIMELINE

2001



Victor Rivera and associates initiate BPHN. BPHN Incorporated as a 501(c)(3) Charity.

BPHN has \$1.1 million in revenue, and Rivera receives a \$67,000 salary.



2012

2017



BPHN receives \$100s of millions from NYC to operate shelters & serve homeless despite a whistleblower complaint of Mr. Rivera's favoritism & conflicts of interest.

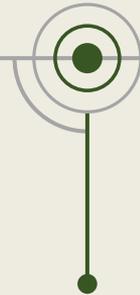
Woman in one of Mr. Rivera's shelters complains to city that he sexually harassed her; complaint determined to be unfounded by BPHN.



2017

BPHN pays settlements of \$175,000 total to two women prohibiting them of speaking publicly about sexual harassment allegations after complaints to a human rights agency.

2018



BRONX PARENT HOUSING NETWORK FACTS TIMELINE

BPHN has \$81 million in revenue, and Rivera's salary is more than \$306,000. Rivera purchases 2 large houses and receives car from the organization.

BPHN receives over \$209 mill in contracts by city, with spending in current FY at \$36.5 million (\$10 mill in COVID-19 funds).

2018

2019

2020

2021

2021

BPHN aligns its strategic priorities with the City's and State's goals to end homelessness using data and opportunities.

Woman fired for speaking out on sexual harassment and poor working conditions.

Rivera fired and the board names attorney Ululy Rafael Martinez as its new president.

COMPLIANCE

Behind the ethical issues, are there some legal and compliance issues in this case?

The Bronx DA's Office has opened an investigation into Mr. Rivera focused on allegations of criminal activity including excessive compensation, illegal cooperation between BPHN and Mr. Rivera's for-profit business, nepotism, and sexual assault allegations.

A woman who had lived in one of Mr. Rivera's shelters complained to the city in 2017 that he had sexually harassed her, but the city returned her grievance to BPHN to investigate. BPHN determined the complaint was unfounded. Following the NYT report, Rivera was fired in February but BPHN continues to receive city contracts.

The BPHN shelters have 37 open violations according to the city's mostly recently released shelter scorecard. Those violations include water leaks, mold, vermin, bedbugs, and an obstructed fire escape.

Organizational Responsibility

The BHHN Board of Directors Failed In All Three of its Primary Duties

Duty of Care

Take care of the nonprofit by ensuring prudent use of all assets, including facilities, people, and good-will.

Duty of Loyalty

Ensure that activities are advancing the mission, disclose conflicts of interest, do not make decisions in the interest of any individual or for-profit entity.

Duty of Obedience

Ensure nonprofit obeys applicable laws and regulations, follows its own bylaws, and adheres to its stated corporate purposes/mission.



“It is shocking that the board of an agency serving abuse victims would not put in place strict protocols to protect those women from assaults while they are attempting to rebuild their lives. This agency is using taxpayer dollars to provide emergency housing, and these staff and residents faced some of the same misogynistic, controlling behavior they were fleeing. It points to a need for better oversight by both the local government as well as the Department of Housing and Urban Development, the source of much of this funding.”

– Donald Whitehead, Executive Director of National Coalition of Homelessness

Individual Responsibility



As the founder and CEO of BPHN, Victor Rivera frequently referred to his personal story as inspiration for his good work for the community. Rivera was housed in homeless shelters in the South Bronx as a child. As a teenager and young adult, he became involved in the illegal drug trade initially as a dealer and eventually as a user. After time served in prison, he became committed to a life of service. He forged the idea for BPHN with others from his church in 2000. The following year, BPHN was formed as a 501(c)(3) nonprofit charity.

This story served to win the trust and loyalty of the staff and recipients of BPHN's services.

Individual Responsibility



Public Trust and Common Good

Rivera failed to uphold public trust and serve the common good by using his personal story to build trust in the public, BPHN staff, and recipients of BPHN services, and then exploiting that trust by sexually assaulting several women in the organization.

Conflict of Interest and Self-Enrichment

By receiving an excessive salary, other financial enrichment, engaging in illegal business dealings between his for-profit organization and the nonprofit organization and nepotism, Rivera failed to uphold BPHN's Conflict of Interest Policy.

Failure to Uphold the Mission

Rivera failed in his ethical responsibility to uphold the mission of the organization to help families secure safe, clean, affordable, and permanent housing by creating an unsafe environment for residents and staff.

Systematic Responsibility

What are some of the issues that pertain to the institutional level of responsibilities?

1. Unhoused and underrepresented women are among the most vulnerable and likely people in society to be subjected to sexual harassment and abuse. Our social institutions, as they are now constructed, are not working effectively to prevent homelessness, protect vulnerable women, and help them recover.
2. A lack of affordable housing is the main driver of homelessness in the city, according to the Coalition for the Homeless. At a staggering scale, and with a profound impact on city life, the affordable housing crunch has exacerbated issues like domestic violence and fueled a crisis that disproportionately affects families of color headed by single mothers across New York City.
3. Complaints to any city agency alleging sexual misconduct, conflict of interest, or other issues from any nonprofit contractor must be referred to an independent agency, not the nonprofit's board of directors. There is a great need for better oversight by both the local government as well as the Department of Housing and Urban Development, the source of much of shelter service funding.
4. Instead of ending the contract with BPHN or demanding Rivera's resignation when the Times article came out, the City merely slapped Rivera and BPHN's wrist. They gave them more than a quarter of a *billion* in taxpayer funds since 2017 even after knowing about financial and sexual abuse allegations long ago.

Stakeholder Analysis

GOVERNMENT

- NYC is required by a 1970s law to provide shelter to its entire unhoused population, stretching the Dept of Human Services thin and leading to lax oversight of organizations with which it contracts for shelter services.
- The NYC Mayor's Office had been alerted to violations, but only took action after the NY Times report.
- The Bronx AG's Office is charged with investigating conflict of interest and ethical abuses by Bronx nonprofits.

BOARD OF DIRECTORS

- Some board members may have benefited from nepotism from Mr. Rivera.
- Board members may feel a greater duty to protect the image of the BPHN than the staff and unhoused people it serves and the integrity of the organization.
- Given the poor leadership at the BPHN, some board members may be naive regarding their ethical and fiscal responsibilities.

Stakeholder Analysis

STAFF

- Some staff may have benefited from nepotism from Mr. Rivera.
- Staff may have been afraid to come forward due to an environment of intimidation in which colleagues were fired for reporting abuses.

RECIPIENTS OF SERVICES

- Individuals and families served by BPHN are facing chronic poverty and drug addiction, evidenced by high rates of injection drug use and overdose. This undermines housing security, forcing many to become unstable and homeless.
- Unhoused women experience significantly higher rates of sexual abuse than other women.

Remedies

What are some of alternative solutions that would have either prevented this situation or that can remedy it?



The city should have handled allegations filed in 2017 and 2018 by independent investigation instead of passing it back BPHN to address, without proper follow-up.



Oversight by people who have used services ensures those experiencing homelessness are fully integrated into reforming these systems.



The BPHN's Board and staff should have complied with Conflict of Interest and Whistleblower policies, replaced Rivera, and reported him to authorities.

What has the organization done after the scandal to remedy the situation and to avoid future abuses?



City has directed BPHN to hire an independent investigator to fully examine the multiple sexual misconduct allegations.



City is hiring an outside auditing firm to review non-profit shelter providers to ensure true compliance.



Rivera fired; Board has replaced him with a new CEO and released a statement, but all reference to Rivera and the scandal has been removed from the website.

DISCUSSION QUESTIONS

1. **Leadership Questions:** Do we place greater trust in leaders whose personal stories indicate shared experience with the populations they serve? If yes, is this trust warranted? Consider issues such as memory and moral experiences discussed in *Moral Leadership: Explicating the Moral Component of Authentic Leadership* (Hannah et al, 2005).
2. **Government Questions:** Given that the NYC Dept. of Social Services, which contracts with the organizations that operate shelters, created an fiscal monitor in 2017, why didn't they look into BPHN sexual harassment, assault, and fraud earlier?
3. **Organizational Questions:** What should have the BPHN Board of Directors and Staff have done to deal with allegations against Mr. Rivera and when? What did they do to contribute to the problems? What board responsibilities and principles did they fail to execute?
4. **Systemic Questions:** What safeguards need to be implemented to prevent abuses in social service nonprofits that serve vulnerable communities?

Thank You!

Resources

What are some resources that can be helpful to nonprofit organizations and/or nonprofit leaders that may encounter similar situations and ethical dilemmas as expressed in this case?

- Leaders must treat homelessness like the urgent humanitarian crisis it is. The [2020 State of the Homeless](#) report provides a housing policy roadmap that calls on the city to increase the number of NYCHA public housing placements for homeless families and to drastically increase the number of new affordable housing units set aside for homeless families.
- The [Bridgespan Group](#) works with nonprofits and their boards to provide strategy consulting and leadership development that addresses opportunities and challenges related to scaling social impact. Their [Leadership Deficit Research](#) study and other [leadership development resources](#) provide excellent resources for nonprofit CEOs, Executive Directors, and top-level managers.
- The [National Coalition for the Homeless](#) points to the need for those experiencing homelessness to be more involved in the governance, oversight, and distribution of homeless dollars in every city in the United States. If unhoused people were more involved in a meaningful way in the governance of the shelters in the United States, staff exploitation and harassment would be significantly decreased.

Resources

- NYC's official website includes the [NYC311 page](#) that includes resources for people needing assistance, including the unhoused looking for shelter, eviction complaints, domestic violence shelter complaints, and more.
- The VAW Net website is an online resource library for gender-based violence. The site includes a page focused on [sexual assault against homeless women](#).
- The [National Healthcare for the Homeless Council](#) website includes resources and policy recommendations to improve housing and health services to the unhoused.
- The [Center for American Progress](#) makes specific policy recommendations regarding the unhoused in Coronavirus responses.
- [Coalition for the Homeless](#) is a NYC-based organization that advocates for effective policies to remedy NYC's homelessness crisis.

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