How Auburn-Gresham Fought Back and Won | The Law Project's Spotlight on Success
On any given weekday, the busiest bus line in Chicago runs along 79th Street, a wide corridor that bisects the far south-side neighborhood of Auburn Gresham, an area that typically makes the news only for violence and crime. But the weekend after Labor Day, the road was shut down for the Annual 79th Street Renaissance Festival, a loud, iconic end-of-summer street fair that draws twelve thousand people each year. House music blared from Farley Jackmaster Funk as children ran from face painting stations to hay rides. Over the years, celebrities have stopped by to enjoy the festivities like Chicago Bear great Otis Wilson, Olympic Gold Medalist and NBA Champion Dwayne Wade, and Hollywood actor and Tony Award nominee Delroy Lindo. Organized by the Greater Auburn-Gresham Development Corporation (GAGDC), the fair is more than just a summer family party - it’s an ingenious device to bring community resources and capital to an area that has suffered the long-term impacts of economic disinvestment and white flight. On 79th Street, you can buy vegan lasagna from a local vendor right next to a foreclosure prevention counselor and a health care clinician.

Carlos Nelson is the booming personality behind GAGDC and its Executive Director. He shares his office with Tanya Nelson, GAGDC’s Fiscal Contracts Manager. They have both lived and worked in Auburn Gresham much of their lives,
asked to stay on as its Executive Director. Tanya had also volunteered at the Renaissance Festival for years before joining the staff. The two have an easy banter that’s infectious to the visitors and volunteers who bustle in and out of the small GAGDC building. From their shared office on the corner of 79th and Racine, Tanya and Carlos help coordinate a huge variety of programs ranging from housing assistance to economic development, public health education, and youth violence prevention.

At this time last year, GAGDC was at risk of losing everything. A state agency erroneously claimed that GAGDC owed tens of thousands of dollars for mismanaged funds. With help from The Law Project and a volunteer attorney at Kirkland & Ellis, it took more than two years and two rounds of litigation to overturn the claim and clear GAGDC’s name.

It began in 2011 with Governor Pat Quinn’s Neighborhood Recovery Initiative (NRI), which granted $55 million in state dollars to community anti-violence organizations in order to turn around tough neighborhoods through job training and mentorship. The program soon came under attack by Republicans who began blasting it as a "political slush fund" and accusing the Illinois Violence Prevention Authority (IVPA), the agency charged with its oversight, of
federal inquiry, and a glut of negative press as the governor was preparing for a tough 2014 election campaign. As a result, Gov. Quinn dismantled NRI and gave authority to oversee the remaining grant money to a new agency, the Illinois Criminal Justice Information Authority (ICJIA).

Carlos and Tanya’s organization had been selected as a “lead agency” in the first year of NRI, and received grants totaling $3,909,636. As the lead agency, in addition to direct community service, GAGDC was also responsible for overseeing eight state-approved subgrantees. One of these was Beatrice Caffrey Youth Services, a 50-year community organization with a solid reputation in the neighborhood. In December 2011, GAGDC disbursed $12,890 to Beatrice Caffrey to conduct school-based counseling services. Three months later, Beatrice Caffrey went out of business.

“It was a total shock,” says Carlos. “It was literally weeks between when we first heard rumors about Beatrice Caffrey and them shutting down.”

The reasons for Beatrice Caffrey’s sudden closure remains unclear. It may have had to do with the age of its Board members, who were well into their 80s and 90s. Regardless of the

specialized programs, generally TLP pro bono attorneys are already familiar with the relevant law. TLP does provide malpractice insurance for its pro bono attorneys. We also distribute available matters to our pro bono attorney contacts once per month. If you are interested in being added to our pro bono distribution list, please contact Jody Adler at jadler@thelawproject.org.
for the grant money, no one answered.

“We were in such a panic that our project manager Aurora drove over to their office on South King Drive and looked through the windows,” Carlos remembers. “It was totally empty inside.”

In November 2013, almost a year after ICJIA took over IVPA, Tanya and Carlos received a letter from the agency demanding $39,089 in “unspent funds.” Tanya and Carlos knew that Beatrice Caffrey had been paying its staff - but had never completed a fiscal report. The amount demanded by ICJIA would have debilitated GAGDC. Tanya sent ICJIA her financial records, and in response ICJIA reduced the amount owed to $14,847.05. Of that amount, $1,957 was an original overpayment to GAGDC which was not in dispute. The rest had been spent by Beatrice Caffrey.

“Seeing our name smeared in the press was very painful,” says Carlos.

A 2016 Illinois Audit Report lists 81 organizations with unspent or overspent budget amounts owed to ICJIA, of which GAGDC was named along with three of its subgrantees. All four of these organizations were later acknowledged by ICJIA to have been accused in
headlines at the time.

Carlos decided to call Jody Adler, an old friend and Director of The Law Project. Jody connected him to Yates French, a 34-year old partner at Kirkland & Ellis who agreed to take on GAGDC as a pro bono client.

At an administrative hearing in which Tanya testified, an administrative law judge found that GAGDC was not responsible for the money, since GAGDC was not the guarantor and had made every effort to obtain Beatrice Caffrey’s financial records. The judge specifically ruled that “ICJIA is not alleging fraud or misconduct, and freely admits that Respondent provided adequate services under the Grant Agreement.”

Despite the judge’s ruling, the director of ICJIA disagreed with the recommendation and continued to demand payment from Carlos and Tanya.

“I was crushed,” writes Tanya. “I just wanted it all to go away. But I knew that GAGDC did not have the funds to pay out money that we did not have.”

Yates refused to give up. He represented GAGDC for a second time in Cook County Circuit Court. This August, the court ruled in
by [GAGDC] in any respect.”

In addition to the win for GAGDC, this ruling also confirmed an important legal principle. The lead agency-sub grantee structure is common among Illinois non-profits. A ruling that GAGDC was responsible for funds spent by Beatrice Caffrey could have put this at risk.

“These lead agencies are all operating on a shoestring budget,” Yates explains. “To ask them to bear all the default risk of every subgrantee would make the lead-sub grantee structure unworkable.”

Both the Administrative law judge and the Cook County Circuit Court confirmed that the Grant Funds Recovery Act does not impose any type of surety or guarantor liability on a lead agency, and that GAGDC had satisfied its obligations by taking “reasonable efforts” to obtain an accounting from the sub-grantee. This ruling should provide clarity for other lead agencies who oversee grants to sub-grantee organizations.

“I was very surprised that the ICJIA required two full rounds of litigation,” says Yates. “Kudos to Tanya. The judge cited her testimony as the overriding evidence in this case. We would not have been able to win this case if GAGDC had
Looking back, Tanya agrees that they did a lot of things right. Still, there is a lingering fear for many community nonprofits that they could find themselves once again in the state's crosshairs.

This week, GAGDC sent its final check to ICJIA for a total of $1,957.

“I hope that The Law Project and all the attorneys that volunteer their time and talent realize how important it is to us, the recipients, to have your support,” writes Tanya. “Not only are we receiving services that we could not possibly afford, but through your services we are empowered to challenge those entities that have more resources and are inherently more powerful. You give us equal ground.”

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