

# Housing nonprofit hoards millions collected in anti-discrimination case, docs show

By [Tori Richards](#) / February 12, 2015 / [No Comments](#)



**A BIG PAYDAY:** Craig Gurian, founder of the Anti-Discrimination Center of Metro New York, netted \$10 million for suing Westchester County, NY. The funds have yet to be put into affordable housing units, documents show.

By [Tori Richards](#) | [Watchdog.org](#)

An anti-discrimination housing group that pocketed \$10 million in a civil-rights lawsuit against a wealthy New York county five years ago hasn't spent any of it to help downtrodden communities it claims to represent, according to government filings obtained by [Watchdog.org](#)

The Anti-Discrimination Center of Metro New York – which has only two paid employees, attorney Craig Gurian and his wife – has repeatedly sued private landlords and, in its most high-profile case, sued Westchester County, NY, for allegedly violating federal racial equality mandates. However, of the millions of dollars awarded to the ADC, federal non-profit tax returns do not show that the organization distributed any of the proceeds to develop affordable housing in the past five years.

And while [ADC's lawsuit sought to bring affordable housing to communities like Bill Clinton's hometown](#), a [Watchdog.org](#) investigation reveals that Gurian lives in and owns property worth millions – located far from the low-income housing developments he promotes.

[Watchdog.org](#) studied property records, 990 tax returns, court documents and records from the New York City Housing Authority for this investigation.

“It's frightening to think that there are self-deputized social-equity arbiters who are running around bringing costly racial quota lawsuits against communities that taxpayers have to fund,” said Mike Stenhouse, founder of the Rhode Island Center for Freedom and Prosperity. “The end result is that they can grab millions in taxpayer dollars in a judgment and keep it to themselves rather than spending it on the cause that they claim they are promoting.”

Stenhouse has been investigating the U.S. Department of Housing and Urban Development (HUD) for two years, pushing local lawmakers to prevent the agency from gaining a statewide foothold in Rhode Island. Despite that effort, the state Legislature is in the early stages of

implementing RhodeMap RI, a plan to herd low-income residents into high-density “growth centers.”

In Westchester County, Housing and Urban Development funds have been utilized since 1976 to build housing and improvements in various areas. In its lawsuit, the ADC accused the county of not spending HUD money in some of its wealthiest cities and towns, including those inhabited by the Clintons, Gov. Andrew Cuomo and David Letterman. The non-profit ADC sued as an agent of HUD, an action allowed under the federal False Claims Act.

Rather than be dragged through a costly court battle, the county settled with the ADC in 2009 for \$7.5 million in damages and \$2.5 million in attorney fees. The settlement contained no finding or admission of guilt by the county.

The lawsuit helped bring about the defeat of the county executive in the Democratic stronghold and ushered in Republican Rob Astorino, who took office after the settlement. He has repeatedly told the media that he would never have supported the settlement, believing that the county did nothing wrong and would have prevailed.



Westchester County Center in White Plains, NY

As for Gurian and the ADC, it was a big payday. The Manhattan attorney founded the organization in 2003 and never had more than \$234,950 in net assets before the settlement was paid at the end of 2009. In fact, the year before, the ADC had just \$29,512 in net assets. Records indicate Gurian was paid \$18,000 in 2008, and wife Lori made \$13,000.

The ADC’s 2009 tax return shows a profit of \$7,510,373 and “lawsuit revenue” at \$7.5 million. Gurian’s organization invested \$5.5 million into government bonds and at the end of the year the ADC had net assets of \$6.6 million. The ADC bought more stock in 2012, according to tax returns.

Fast forward to 2013: tax returns show Gurian’s yearly salary is \$146,000 and the ADC pays his wife, Lori, \$89,000. The ADC’s net assets have shrunk to \$4.2 million.

ADC has donated just \$122,250 since receiving its settlement, funding various programs at universities and advocacy groups similar to theirs, tax records show. No money has gone directly toward affordable housing construction or bettering the communities with such assets as playgrounds, sports equipment or after-school programs. In this time period, the ADC has received other revenue and \$115,000 in grants.

Gurian is under no legal obligation to spend the award bettering the communities he claims to defend. But several people say his hoarding is unethical and hypocritical.

“If they are so concerned about the community, why haven’t they spent any of that \$7 million to benefit the community?” asked a political figure who spoke on condition anonymity.

Astorino’s senior advisor also criticized the ADC for hoarding the money.

“ADC walked away with an \$8 million payout from the settlement,” Ned McCormack told Watchdog. “If the ADC was actually serious about affordable housing, they would have put some of that money toward it but there is no evidence that it has happened.”

During one of the court hearings, county attorneys accused Gurian of filing the lawsuit only because he wanted a huge paycheck.

Watchdog called and emailed Gurian four times for comment. He refused to discuss his organization’s expenditures but rather turned the topic toward Westchester County.

“ADC is proud of its role in uncovering the county’s ongoing fraud against U.S. taxpayers. As a result of our efforts, an amount equivalent to all of those fraudulently obtained funds has been ordered to be dedicated to the development of affordable housing,” Gurian stated at the beginning of a lengthy email.

As for HUD, did the agency have an opinion as to what should happen with the millions ADC received under the umbrella of benefiting the poor?

HUD spokesperson Brian Sullivan refused to comment.

Allegations that Gurian was driven by money and not some more noble cause surfaced in 2007 when the ADC sued a Salvation Army women’s dormitory in Manhattan, claiming that it wasn’t handicap-friendly.

“From the outset of this case, it appeared as though plaintiff’s attorneys were more concerned with their fees than seeking an expeditious and amicable resolution of this matter,” said the Salvation Army’s attorney, Joseph Boubeaud, Jr. in a court document. “From the start, it appeared to defendants as if this entire case was fabricated and part of a contrived and calculated set-up.”

The Salvation Army case began in 2006 when two women turned up at the group’s Parkside Evangeline Residence, an 89-year-old hotel dedicated to housing low-income women. One of the

women said she had a motorized wheelchair and insisted it would not fit inside the building's elevator. But the woman did not bring the wheelchair with her, and Boubeaud later discovered that the chair would indeed fit.

The women did not return with the wheelchair or fill out an application. Two months later, represented by ADC, they filed a lawsuit against the Salvation Army.

Part of the ADC's model has been to send "testers" into neighborhoods to see whether landlords are discriminatory. Its website at the time featured a page seeking volunteers for a "Testing Program." The page has since been deleted.

"Testers are trained to act in the role of an apartment or house seeker and to follow the instructions given by the Center," the ADC's web site said at the time of the lawsuit. "Testers are able to gather data that the Center can then analyze to determine whether a landlord, broker, or other housing provider is or is not engaging in unlawful discrimination."

The ADC initially asked for damages of \$100,000, later raising the amount to \$200,000 when the case was transferred to a settlement judge. That same judge stated that the case could be "resolved for \$50,000," a court document said.

The case settled for an undisclosed amount and U.S. District Court Judge Shira A. Scheindlin reduced the ADC's attorney fees to \$32,995 – a \$20,472 decrease from what the ADC wanted. Scheindlin said the work was duplicative, unnecessary and excessive and that Gurian and a colleague should not be billing themselves at \$450 and \$400 per hour but rather \$300 per hour.

The Parkside has since been sold to luxury penthouse developers.

Although Gurian has been extremely vocal in the media and in court regarding a person's right to live in the neighborhood of his or her choosing, regardless of income, he doesn't live or own homes close to any HUD developments.

Gurian rents an apartment in Manhattan, a block away from Central Park and a few blocks down from the posh condominium that was once the residence of John and Yoko Lennon.

He owns apartments in two other Manhattan locations and a house in Santa Barbara, Calif. – a wealthy beachfront city nicknamed the "American Riviera." He bought the house in 2013 for \$1.46 million. Before that, he owned a house 94 miles up the coast in San Luis Obispo along with other apartments in Manhattan and Brooklyn.

In the ADC's case against Westchester County, Gurian claimed that the county was segregated and therefore not complying with government housing regulations. Even though the 2000 Census showed the county was one of the most diverse in the state, the ADC wanted that diversity spread more evenly throughout the county. The settlement stipulates that affordable housing needs to be placed in certain areas with African American and Hispanic populations of 30 percent or less.

The neighborhood demographics site Neighborhood Scout says that all of Gurian's properties are in areas that are at least 80 percent white, with the exception of an Upper West Side apartment where a younger relative lives, that is 60 percent white and 17 percent Asian.

Even though Gurian has accepted his payday and the county says it is complying with settlement terms and working toward completing 750 affordable housing units by next year, he can't let go. He has peppered the settlement judge and the court-appointed monitor, who ensures compliance, with letters accusing the county of illicit behavior. The judge has refused to hold the county in contempt.

A 2014 ADC report claims that the county isn't complying with the settlement and is instead placing the housing outside "ultra-white" communities that have less than 10 percent Latino and African American residents.

Will there be a request for more attorney fees? Stay tuned.