POLICY PAPER NO. 4

When a Provider Is Flagged High-Risk, Why Does Public Money Keep Flowing?

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Executive Summary

According to an August 2026 LAist investigation based on more than 7,000 pages of public records, the Los Angeles Homeless Services Authority (LAHSA) continued approving or finalizing contracts involving homelessness-services provider Abundant Blessings after LAHSA compliance officials had formally designated the organization delinquent and "High-Risk" on May 6, 2024. LAist also reports that payments continued before LAHSA canceled the contracts in October 2024.

The central accountability question is not whether a high-risk designation should automatically terminate a provider. Homelessness programs serve people whose housing, food, rental assistance, and safety can depend on continuity. The more useful question is: once government identifies significant risk, what changes in what government does next?

This paper evaluates that question through a six-part accountability chain: Monitoring → Detection → Escalation → Decision → Enforcement → Verification.

Verification gate: Several granular figures in the current chronology remain subject to BeaconStone's verification gate. LAist reports approximately $2.6 million in May 24 renewals, an approximately $700,000 July 30 compliance "misallocation" finding, approximately $1.5 million in direct payments after the May warning, and approximately $771,000 in payments after the date auditors reportedly identified as the point when LAHSA had credible evidence of possible federal crimes. BeaconStone has not yet independently acquired and reconciled the primary records supporting those four figures, so this paper does not present them as independently established BeaconStone findings.

LAist further reports that an Aug. 15 contract amendment increased an Inside Safe contract by about $770,000. That reported amendment amount is distinct from both the approximately $700,000 July compliance finding and the approximately $771,000 post-threshold payment total. Because the three figures are unusually close, BeaconStone has created a separate reconciliation control in its evidence tracker. Until the underlying compliance record, executed amendment, and transaction-level payment data are independently reconciled, this publication keeps all three figures separately labeled and attributed to the reporting that supports them.

The state and federal criminal proceedings are separate from the oversight analysis. The Los Angeles County District Attorney's Office confirms state case 26CJCF00450 and 18 felony counts and alleges that more than $5 million was obtained from LAHSA, with approximately $2 million allegedly going toward Soofer's properties or being accounted for through fraudulent invoices. Separately, the U.S. Attorney's Office states that more than $23 million in homelessness housing funding flowed to Soofer or Abundant Blessings-related entities between 2018 and 2025, including more than $5 million directly from LAHSA and

more than $17 million through Special Service for Groups. Those are official prosecutorial allegations and funding-context statements, not adjudicated findings of guilt or loss.

What the Preliminary Record Shows

LAist reports that on May 6, 2024, LAHSA's top two compliance officials issued a delinquency notice to Abundant Blessings declaring the organization "High-Risk" and citing significant concerns involving four contracts. Former LAHSA compliance director Amy Williams told LAist that the concerns were elevated at the time to then-Chief Financial Officer Janine Trejo, who oversaw compliance and contracting.

LAist further reports that Trejo was copied on a later staff recommendation from the administration of then-CEO Va Lecia Adams Kellum seeking authorization for more than $2 million in contract renewals to Abundant Blessings. At the May 24 Commission meeting, commissioners reportedly authorized Adams Kellum to finalize approximately $2.6 million in renewals. BeaconStone has not yet independently obtained the recommendation, Commission record set, and contract ledger needed to verify that amount and the complete information available to decision-makers.

LAist reports that on June 7 the Mayor's Office directed funding for a new Inside Safe contract involving Abundant Blessings, later finalized for about $250,000. The Mayor's Office told LAist it was unaware of potential misconduct at the time.

A separate warning reportedly arrived in mid-July. LAist reports that Los Angeles City Controller Kenneth Mejia's office notified LAHSA that it was launching a fraud investigation into Abundant Blessings following a site visit. BeaconStone has added that event to the canonical evidence tracker and is seeking the notice, recipient list, site-visit findings, and LAHSA response.

On July 30, LAist reports, LAHSA emailed Abundant Blessings a report describing additional significant compliance concerns. Those concerns reportedly included an approximately $700,000 "misallocation." LAist also reports that then-CEO Va Lecia Adams Kellum was copied on the July 30 email. BeaconStone is seeking the email, attachments, and complete distribution metadata before treating either detail as independently verified.

LAist reports that five contracts or renewals totaling more than $3 million were finalized during the first half of August. Among them, LAist links records for an Aug. 15 amendment that reportedly increased an Inside Safe contract by about $770,000 and extended it three months; the linked records reportedly show Adams Kellum's signature and Trejo's signature under "Approved Generally by." Because BeaconStone has not yet independently acquired and placed that executed amendment in its evidence file, the amount remains attributed to LAist in this publication.

LAist reports that LAHSA canceled the Abundant Blessings contracts in October 2024 and that approximately $1.5 million in direct payments were made after the May high-risk notice. The same reporting states that approximately $771,000 of those payments occurred after the date auditors reportedly identified as the point when LAHSA possessed credible evidence of possible federal crimes. Those payment totals remain subject to transaction-level verification.

Three Similar Numbers, Three Different Claims

The preliminary chronology contains three unusually similar figures that must not be conflated.

- **Approximately $700,000** — reported in the July 30 compliance findings as a "misallocation."
- **Approximately $770,000** — reported as the amount of an Aug. 15 increase to an Inside Safe contract.
- **Approximately $771,000** — reported as the aggregate amount of direct payments made after the Aug. 23 credible-evidence threshold.

These figures appear to describe different categories, dates, and transactions. Because a skeptical reader could reasonably question whether the same dollars are being counted or described more than once, this publication keeps each figure explicitly attributed and distinct; BeaconStone will update the analysis if independent reconciliation of the underlying compliance report, executed amendment, and payment ledger materially changes that understanding.

Detection Is Not Accountability

The preliminary chronology demonstrates an important distinction: detecting risk is not the same as controlling it.

LAHSA's compliance function appears to have identified problems, documented concerns, and designated the provider high-risk. Later reviews reportedly identified additional concerns. The harder question is whether those findings reliably changed later decisions.

An accountability system should connect six stages: Monitoring → Detection → Escalation → Decision → Enforcement → Verification. A breakdown at any stage can neutralize the work done before it. More audits and dashboards do not solve the problem if findings do not travel to decision-makers or trigger defined consequences.

The Information-Flow Question

The record raises a serious information-flow question, but this paper does not presume the answer.

According to Amy Williams as quoted by LAist, the May concerns were elevated to CFO Janine Trejo. LAist also reports that Trejo was copied on the later contract-renewal recommendation and that Adams Kellum was copied on the July 30 compliance email. Those details, if confirmed in the underlying records, would bear directly on who knew what and when.

At the same time, the Mayor's Office told LAist it was unaware of potential misconduct when it directed June funding. LAHSA spokesperson Ahmad Chapman later told LAist that LAHSA's structure had hindered internal communications regarding Abundant Blessings, resulting in what he described as an "errant contract recommendation," and said the agency subsequently implemented high-risk-provider flagging protocols.

The design principle remains sound even while the chronology is being verified: risk information should travel at least as quickly as public money.

The Mandatory-Disclosure Question

LAist reports that auditors later found LAHSA had obtained credible evidence of possible federal crimes by Aug. 23, 2024 and that federal law required prompt disclosure to HUD and HUD's Office of Inspector General. According to LAist's account of the audit, the disclosure was not made until Apr. 25, 2025, approximately eight months later, and the audit found LAHSA lacked formal policies and procedures governing the timing and process for those mandatory disclosures.

This is potentially one of the most consequential reported findings in the paper because it involves a distinct failure mode: Detection → Escalation/Referral. BeaconStone has not independently obtained the underlying audit finding, management response, referral/disclosure record, and related communications; accordingly, the delay remains attributed to LAist's account of the audit rather than presented as an independently verified BeaconStone finding.

Continuity of Service Is a Legitimate Constraint

A serious accountability framework must account for the people receiving services. Immediately terminating a provider can interrupt shelter, meals, rental assistance, security, case management, or other essential support.

That means the choice should not be framed simply as "continue funding" versus "terminate funding." Government needs intermediate controls: enhanced monitoring, reimbursement-only payment, independent invoice review, restrictions on new awards, corrective-action plans, temporary payment holds, management conditions, or transfer of services to another provider.

A remaining evidence question is what happened to program participants when LAHSA eventually canceled the contracts. BeaconStone has added that question to the tracker and is seeking the termination and transition file. The governing principle should be continuity of service, not automatic continuity of provider.

The Criminal Cases Are Separate

The Los Angeles County District Attorney's Office states that Alexander Soofer is charged in state case 26CJCF00450 with 11 felony counts of conflict of interest, two felony counts of offering false evidence, and five felony counts of forgery. The DA alleges that more than $5 million was obtained from LAHSA and that approximately $2 million allegedly went toward Soofer's properties or was accounted for through fraudulent invoices.

Separately, the U.S. Attorney's Office for the Central District of California states that Soofer was charged by federal complaint with wire fraud and alleges that between 2018 and 2025 he received more than $23 million in homelessness housing funding, including more than $5 million directly from LAHSA and more than $17 million through Special Service for Groups.

These are allegations. Soofer is presumed innocent unless and until proven guilty. The oversight questions in this paper do not depend on the outcome of either prosecution.

For procedural context, reporting states Soofer pleaded not guilty to the federal wire-fraud charge at his arraignment on Feb. 26, 2026. Current state and federal docket status has not been independently confirmed by BeaconStone.

What a Better High-Risk Provider Framework Could Require

The eventual policy recommendations should be tested against the completed evidence record. The current case nevertheless suggests several mechanisms worth evaluating:

- Automatic notification when a provider reaches a defined high-risk threshold.
- Written disclosure and justification before new contracts, renewals, amendments, or material increases involving a high-risk provider.
- Enhanced payment controls proportionate to the risk.
- Mandatory escalation and referral workflows with named owners, deadlines, recipients, and completion records.
- Service-continuity mechanisms that protect participants even when a provider relationship must be restricted or transferred.
- Independent verification of corrective action.
- Sufficient disclosure to governing bodies asked to authorize additional funding.

What Independent Oversight Could Add

This case is a useful test for BeaconStone's proposed Homelessness Inspector General framework because it turns abstract oversight powers into operational questions: Did risk designations reach decision-makers? Were exception decisions documented? Could downstream records be tested? Did mandatory referrals happen on time? Were corrective actions independently verified?

A final policy conclusion should be drawn only after those questions are answered from primary evidence.

Evidence Standard and Open Verification Items

BeaconStone applies a verification gate to granular claims that have not been independently pinned to primary records in its custody. Accordingly, the following items remain expressly attributed to secondary reporting or identified as open verification items rather than presented as BeaconStone findings:

- May 24 Commission materials and contract ledger supporting the reported approximately $2.6 million authorization.
- July 30 compliance report and email supporting the reported approximately $700,000 finding and recipient list.

- Aug. 15 executed amendment supporting the reported approximately $770,000 increase.
- Transaction-level payment records supporting the reported approximately $1.5 million and approximately $771,000 totals.
- The underlying audit and referral records supporting the reported approximately eight-month federal-disclosure delay.
- The City Controller's mid-July fraud-investigation notice and recipients.
- Termination and service-transition records addressing continuity of service.
- Publication-cutoff court/docket verification for state case 26CJCF00450 and federal case 2:26-cr-00077; this is a court-record check, not a California Public Records Act request.

Until those items are resolved, secondary-reported figures remain attributed and hedged. This publication therefore distinguishes between official government allegations, reported public-record findings, and independently verified BeaconStone findings.

Conclusion

The preliminary record raises serious questions about what happens after a public agency identifies a high-risk provider. But the purpose of BeaconStone's evidence standard is to prevent serious questions from becoming premature conclusions.

The working thesis remains: oversight cannot end with detection. A warning should affect information flow, decision rights, funding conditions, escalation, referral, enforcement, and verification.

The next step is not stronger rhetoric. It is stronger evidence.

Sources & Further Reading

- **Nick Gerda, "LA officials approved millions to 'High-Risk' nonprofit. Its leader is charged with pocketing $10M"** — LAist's investigation, based on more than 7,000 pages of public records, underlying the chronology in this paper. LAist, Aug. 26, 2026
- **Los Angeles County District Attorney's Office** — Charging announcement for state case 26CJCF00450. "Los Angeles County District Attorney's Office Charges CEO of Nonprofit Abundant Blessings With Defrauding Los Angeles Homeless Services Authority," Jan. 23, 2026.
- **U.S. Attorney's Office, Central District of California** — Federal complaint announcement. "Executive Director of South L.A.-Based Charity Arrested on Federal Complaint Alleging $23 Million Swindle of Homelessness Funds," Jan. 23, 2026.
- **City News Service, "Homeless Services Exec Pleads Not Guilty to Federal Fraud Charges"** — Reporting on the Feb. 26, 2026 federal arraignment. MyNewsLA, Feb. 26, 2026

BeaconStone internal control: BSF High-Risk Provider Evidence Tracker — Publication v1.1. This publication will be updated as additional primary records are obtained and independently reconciled.