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Federal Jury Decides the Culpability of the Last of the SEEDCO Defendants

WRITTEN BY RICK COHEN CREATED ON TUESDAY, 05 MAY 2015 13:34

April 30, 2015; New York Times

A federal jury trial that ended last week may have resulted in a significant alteration of the story of the nonprofit Structured Employment Economic Development Corporation (SEEDCO), the New York City-based employment intermediary that was upended by charges in 2012 that the organization had systematically falsified job placements in order to meet performance targets for city employment contracts.

Six agency managers reached settlements with SEEDCO, but apparently not one Alex Saavedra, who had been the manager of two of SEEDCO's job centers. The jury determined that Saavedra was "accountable" for only 13 of the false placements. For damages, the jury awarded the U.S. government \$13,000, which by statute apparently will be tripled to \$39,000.

The result for readers concerned with nonprofit accountability is confusion. After a whistleblower revealed alleged falsified job placement counts by SEEDCO, there was an extensively documented report by the New York City Department of Investigation providing excruciating details of SEEDCO's policies and practices of implementing and reporting on job placement contracts during the administration of New York City mayor Mike Bloomberg.

The federal government complaint against SEEDCO and individuals such as Saavedra was that "hundreds if not thousands" of SEEDCO's reported job placements were false and intentionally so. Saavedra was one of seven managers charged with participating in the falsification of records, but Saavedra argued that he "lacked knowledge of any fraud" and that if there had been falsification of records, there was no harm because the city only paid after a third-party contractor verified the placement information.

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Both sides filed numerous, voluminous documents in making their cases for or against the culpability of Saavedra and other defendants in the SEEDCO case. Now that the case is finally over (though Saavedra's attorneys said he might even appeal the jury verdict on the 13 instances of false records), this is the time for an autopsy of the controversy. The issue now isn't one of which laws directors might or might not have violated, but SEEDCO's policies and practices that led to the organization admitting its responsibility. How did this actually occur? When did it start? Who or what sparked these practices? What failsafes inside or outside of SEEDCO didn't work as they should have or at all? How should an organization, its managers, and its line staff be held accountable for instances when falsified data is presented to performance-hungry officials eager to show that they are eradicating this or that social problem?

Saavedra may be going home, a little lighter in his wallet but exonerated for most of the falsification reported in the Department of Investigation report and by whistleblowers, but the question of how accountability should have been addressed in the SEEDCO brouhaha needs its own investigation.—Rick Cohen

Terms: Accountability, Newswire, Organizational Management and Change, Policies and Laws, Whistleblowers

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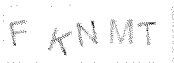
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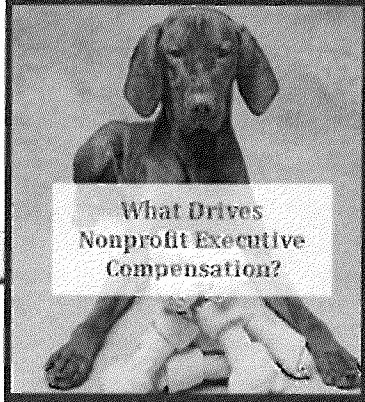
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