



State of Louisiana
Office of the Governor
Office of State Inspector General

July 19, 2011

FOR IMMEDIATE RELEASE

**State Inspector General Finds New Orleans Church Misspent,
Misappropriated Recovery Funds**

BATON ROUGE -- Today, the State Inspector General's Office in Baton Rouge issued a report detailing its investigation into the activities of John Pierre, Pastor of the Living Witness Church of God in Christ (LWCGC) in New Orleans. The investigation revealed that Rev. Pierre, acting on behalf of Living Witness Church of God in Christ, misspent and misappropriated funds from the Louisiana Department of Health and Hospitals (DHH), and the Louisiana Disaster Recovery Foundation (Foundation), a private, non-profit corporation.

Our investigation revealed that Rev. Pierre wasted \$25,000 in appropriated state funds, misused \$135,085 in private funds, and failed to report more than \$92,800 in taxable income to the appropriate tax authorities. In addition, our investigation prevented the payment of \$300,000 to LWCGC from the Louisiana Office of Community Development (OCD).

Specifically, the investigation disclosed the following:

- **DHH \$25,000 Agreement**

The Living Witness Community Social Service (Social Service) organization, a nonprofit organization created by LWCGC and administered by Rev. Pierre, received \$25,000 from DHH on February 12, 2008. This money was to be used to renovate an LWCGC building on Terpsichore Street to add ten beds to the Social Service organization's

substance abuse program. Rev. Pierre did not renovate the building or add any beds as required by the DHH agreement.

- **Louisiana Disaster Recovery Foundation \$250,000 Grant**

On January 31, 2008, the Social Service organization received a \$250,000 grant from the Louisiana Disaster Recovery Foundation to renovate a dilapidated building that LWCGC owned. The purpose of the grant was to convert the building into affordable housing for low income individuals in its substance abuse program. Instead, Rev. Pierre spent the entire \$250,000, and the building was still uninhabitable more than two years after the grant was awarded.

- **OCD Small Rental Property Program**

On December 17, 2009, OCD's Road Home Small Rental Property Program conditionally awarded LWCGC up to \$300,000 in public funds as an Initiative Option loan. The purpose of the loan was to renovate the same building that the Louisiana Disaster Recovery Foundation awarded a \$250,000 grant to renovate and convert into residential units. To qualify for these funds, the Small Rental Property Program required that the building "be a residential rental property containing 1 to 4 units" that had sustained minimal damage due to either Hurricane Katrina or Rita. However, the property contained no residential units and had not been occupied since at least three years before Katrina. In addition, the building appeared to have been in disrepair before Hurricanes Katrina and Rita. As a result of our investigation, OCD revoked its conditional approval of this loan.

- **Failure to Report Taxable Income**

In order to determine how LWCGC actually used the DHH and Foundation funds, we examined supporting documents for transactions posted to bank accounts. We found that for tax years 2008 and 2009, LWCGC failed to report more than \$92,800 in taxable income to the appropriate tax authorities. Of that amount, \$73,810 was taxable income to Rev. Pierre, \$9,775 was taxable income to two church members, and the remaining \$9,297 was taxable income to contractors for the church.

Inspector General Stephen Street said: "This is an example of gross misuse of funds intended to help rebuild New Orleans after Hurricane Katrina. It not only reflects poorly on those who misused the funds, but also unfairly tarnishes the hard work of those who have been rebuilding New Orleans while following the rules."

To obtain the full report, follow this link:

<http://oig.louisiana.gov/assets/docs/reports/1100009.pdf>