

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ONONDAGA

PEOPLE OF THE STATE OF NEW YORK, BY
LETITIA JAMES, ATTORNEY GENERAL OF
THE STATE OF NEW YORK,

Plaintiff,

v.

SHIRLEY GODDARD and TYRONE GODDARD,

Defendants.

Index No.

Summons

Date Index No. Purchased:

TO THE ABOVE NAMED DEFENDANTS:

You are hereby summoned to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis of venue pursuant to CPLR § 503(a) is that Plaintiff is located in Onondaga County, with its address at 300 South State Street, Suite 300, Syracuse, NY 13202, and Defendants reside in Onondaga County.

Dated: New York, New York
February 18, 2022

LETITIA JAMES
Attorney General of the State of New York
Attorney for Plaintiff

By 

James Sheehan
Chief, Charities Bureau
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TO:

SHIRLEY GODDARD
106 Easterly Terrace
DeWitt, NY 13214

TYRONE GODDARD
106 Easterly Terrace
DeWitt, NY 13214

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COMPLAINT

Plaintiff, the People of the State of New York, by their attorney, Letitia James, Attorney General of the State of New York (the “Attorney General,” or “OAG”), as and for their Complaint, allege as follows:

PRELIMINARY STATEMENT

1. The Humanitarian Organization for Multicultural Experiences, Inc. (“H.O.M.E.”), located in Syracuse, New York, is a 30-year-old charitable not-for-profit corporation whose mission is to assist persons who are developmentally disabled and their families to attain a safe, healthy and nurturing environment. It provides homes, day habilitation, prevocational services, and respite care and assistance for developmentally disabled persons and their families. H.O.M.E. employs 60 individuals to provide these services in a typical year, and receives payments from the State of New York of about \$3 million. The services and support H.O.M.E. provides are critical to the health and well-being of the clients they serve.

2. Defendant Shirley Goddard was the President and Chief Executive Officer (“CEO”) of H.O.M.E. for over 25 years until her termination in 2018. She also functioned as the organization’s Executive Director. In those positions, she was a fiduciary of H.O.M.E. and had a duty to assure that the charitable assets of H.O.M.E. were used solely for the support of its

charitable mission. Beginning in or about 2012, and continuing through November 2018, Defendant Shirley Goddard in violation of her fiduciary responsibilities, systematically stole hundreds of thousands of dollars from H.O.M.E.'s bank accounts. For years, Ms. Goddard concealed her theft from H.O.M.E.'s Board, its outside auditors, and its regulators, through lies and deceit, including inventing a false story and fabricating documents to persuade others that the missing funds were due to errors by H.O.M.E.'s bank.

3. Defendant Tyrone Goddard, who is Shirley Goddard's husband, was H.O.M.E.'s Chairman of the Board during this period. He, too, owed fiduciary duties to H.O.M.E., which he violated. He became aware of his wife's theft by 2013, but rather than disclose her wrongdoing and act to stop it, Mr. Goddard assisted his wife's extensive scheme to conceal her embezzlement. (Shirley Goddard and Tyrone Goddard are collectively the "Goddards" or "Defendants".)

4. In the period between 2012 and 2018, Shirley Goddard managed to divert and misuse nearly \$1 million in funds. Her misconduct left H.O.M.E. teetering on the edge of insolvency.

5. The Attorney General received a referral from the New York State Office for People with Developmental Disabilities ("OPWDD"), which has oversight of H.O.M.E. OPWDD identified suspect activity in H.O.M.E.'s bank accounts, unexplained missing funds, and false statements and documents proffered by Shirley Goddard. As further described below, in furtherance of Shirley Goddard and Tyrone Goddard's wrongful conduct, Shirley Goddard also actively misled OPWDD about the nature of and reasons for questionable activities involving funds belonging to the organization.

6. The Attorney General's investigation (the "Investigation") included testimonial examinations of the Defendants and other witnesses under oath, and the issuance of subpoenas

for, and review of, extensive documents from the Defendants and third parties. Shirley Goddard and Tyrone Goddard each invoked their Fifth Amendment rights against self-incrimination in response to all material questions at their examinations.

7. The Attorney General's investigation determined that Shirley Goddard unlawfully used H.O.M.E.'s assets for her personal benefit, including to fund her gambling activities and cover her gambling losses. The Investigation also concluded that Tyrone Goddard assisted his wife by concealing Shirley Goddard's theft from H.O.M.E., its outside auditors, and its regulators.

8. The Attorney General brings this action to (i) compel Shirley Goddard and Tyrone Goddard to account for their breaches of their statutory fiduciary duties to H.O.M.E.; (ii) set aside the unlawful conveyance, assignment or transfer of H.O.M.E.'s assets to Shirley Goddard; (iii) recover from Shirley Goddard compensation paid while in breach of her duties under the faithless servant doctrine; (iv) remove or expel Shirley Goddard and Tyrone Goddard from any director, officer, or member position they hold in H.O.M.E.; and (v) bar Shirley Goddard and Tyrone Goddard from future service as a director, officer, trustee, member, or any other fiduciary of any not-for-profit authorized by New York law.

9. Specifically, and as fully set forth herein, Shirley Goddard and Tyrone Goddard each (i) breached their fiduciary duties to H.O.M.E. in violation of Section 717 of the N-PCL, (ii) acted in "violations of [their] duties in the management and disposition of corporate assets" "committed to [their] charge" and their acquisition of and waste of those assets, pursuant to N-PCL Section 720(a)(1), (iii) knowingly allowed the unlawful conveyance, assignment or transfer of corporate assets, pursuant to N-PCL Section 720(a)(2), and (v) failed to properly administer charitable assets in violation of New York's EPTL Section 8-1.4.

PARTIES

10. The Attorney General is responsible for overseeing the activities of New York charitable and other not-for-profit corporations formed or operating in New York, the conduct of their officers, directors and key persons, the activities of trustees of property held for charitable purposes, and the transfer of charitable assets by charities and nonprofits, in accordance with the N-PCL and the EPTL.

11. Defendant Shirley Goddard is an individual who resides in DeWitt, New York. At all relevant times, Shirley Goddard was the President, Chief Executive Officer, the Executive Director, and a member of the organization, and was a fiduciary of H.O.M.E.

12. Defendant Tyrone Goddard is an individual who resides in DeWitt, New York. At all relevant times, Tyrone Goddard was the Chairman of the Board of Directors of H.O.M.E., a member of the organization, and was a fiduciary of H.O.M.E.

13. Nonparty H.O.M.E. is a not-for-profit corporation, incorporated under New York law, with its offices located at 831 James Street, Syracuse, New York. Upon information and belief, H.O.M.E. was formed as a membership organization, with two members—Shirley Goddard and Tyrone Goddard.

JURISDICTION AND VENUE

14. This Court has personal jurisdiction over Defendants Shirley Goddard and Tyrone Goddard.

15. Venue is properly set in Onondaga County pursuant to CPLR § 503(a) because Defendants reside in the county and because the Attorney General has an office in the county.

APPLICABLE LAW

A. New York Law Governing Charitable Organizations and their Principals

16. The Attorney General brings this action on behalf of the People of the State of New York pursuant to her authority under the N-PCL and EPTL.

17. Pursuant to N-PCL § 112(a)(7), the Attorney General holds the same status as members, and under and N-PCL § 601(e), a member can be expelled.

18. Pursuant to N-PCL § 706(d), the Attorney General may bring an action to remove a director for cause and the court may bar a director from future service on the board.

19. Pursuant to N-PCL § 714 (c), the Attorney General may bring an action to remove an officer for cause and the court may bar an officer from future service.

20. Pursuant to N-PCL § 717(a), Directors, Officers, and Key Persons of not-for-profit corporations are required to “discharge the duties of their respective positions in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.” In addition, pursuant to N-PCL § 717, directors and officers of a not-for-profit corporation are required to act with undivided loyalty toward the corporation.

21. Under N-PCL § 720, the Attorney General is authorized to bring an action to compel Directors, Officers, or Key Persons to explain or to hold them liable for the “neglect of, or failure to perform, or other violation of his duties in the management and disposition of corporate assets committed to his charge” or “[t]he acquisition by himself, transfer to others, loss or waste of corporate assets due to any neglect of, or failure to perform, or other violation of his duties, and to “set aside an unlawful conveyance, assignment or transfer of corporate assets, where the transferee knew of its unlawfulness.”

22. New York’s EPTL provides the Attorney General with authority over any “trustee,” which includes “any individual . . . holding and administering property for charitable purposes” and “any not-for-profit corporation organized under the laws of [New York] for charitable purposes.” EPTL § 8-1.4(a). Defendants are trustees under New York law. EPTL § 8-1.4(a). The Attorney General has the legal authority “to institute appropriate

proceedings...to secure the proper administration of any trust, corporation, or other relationship to which this section applies.” EPTL § 8-1.4(m).

FACTUAL BACKGROUND

A. H.O.M.E. and the Goddards’ Roles and Responsibilities

23. H.O.M.E. was formed in 1992 as a charitable not-for-profit corporation in New York to, among other things, “promote multicultural participation in planning, policy making, and advocacy for persons with special needs,” “facilitate the identification of needs and priorities of families in Onondaga Co. having members with special needs reflective of the diversity in the community”, and “promote community awareness and acceptance of persons with special needs through planned programs and activities that increase interaction”. H.O.M.E. serves clients with intellectual and developmental disabilities in the Syracuse, New York area in accordance with the organization’s founding principles that “all individuals have the same rights, including the right to grow and maximize potential; and that valuing and embracing the diversity in our community will increase participation in appropriate programs and services.” See <https://www.homeincorporated.org/about-us> (last visited on February 15, 2022).

24. H.O.M.E. is a licensed service provider overseen by OPWDD, and the majority of H.O.M.E.’s operating funds come from either Medicaid or other New York State-funded sources.

25. Shirley Goddard and Tyrone Goddard were the original founders of H.O.M.E. They ran the organization as a family operation for more than 25 years with Shirley Goddard serving as the President/CEO and Executive Director, and Tyrone Goddard as the Chairman of the Board.

26. Tyrone Goddard, as Chairman of H.O.M.E.’s board, had an obligation to oversee his wife’s role as the President/CEO and Executive Director. Tyrone Goddard was also a

principal point of contact between H.O.M.E. and its Board and H.O.M.E. and its outside auditors. In addition, he was responsible for preparing and signing HOME's Consolidated Fiscal Report to the New York Medicaid program each year.

27. At all relevant times, H.O.M.E.'s Bylaws contained a written Conflicts of Interest Policy, at Article XII. That policy's stated goal was "to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation." The policy also required a determination of whether a financial interest created a conflict of interest and set forth procedures to be followed in the event of such a determination. The policy required each member of the Board of Directors to annually complete a statement attesting to the member's awareness of the policy.

28. The Goddards' marital relationship and fiduciary roles within H.O.M.E. created an inherent conflict of interest, which they took inadequate steps to mitigate. This included Tyrone Goddard's failure to facilitate implementation of financial controls to ensure adequate oversight of Shirley Goddard's activities. Upon information and belief, Tyrone Goddard violated the H.O.M.E. Conflict of Interest Policy in connection with his unilateral approval of Shirley Goddard's purported Employment Agreement, as described in more detail below.

29. Over the course of the Goddards' 25-year tenure at the helm of H.O.M.E., they gained the trust of the community that H.O.M.E. was formed and funded to serve -- developmentally disabled individuals and their families and caregivers. H.O.M.E.'s employees also placed substantial trust in the Goddards as the organization's leaders. Similarly, H.O.M.E.'s Board of Directors, which was composed of individuals with whom the Goddards had longstanding personal relationships, placed substantial trust in them.

30. It was because of the trust that H.O.M.E.'s clients, employees, and board members placed in the Goddards that Shirley Goddard's theft of H.O.M.E.'s assets continued unabated for many years. H.O.M.E.'s clients, employees, and board members did not question her actions. Tyrone Goddard assisted by effectively concealing his wife's unlawful activities. He interceded with H.O.M.E.'s auditor to deflect suspicions about missing funds and controlled the information that was and was not provided to the Board.

B. Shirley Goddard's Theft of Funds from H.O.M.E. Accounts

31. Shirley Goddard had operational authority over H.O.M.E., including unfettered access to the various bank accounts H.O.M.E. maintained. H.O.M.E.'s accounts included, without limitation, operating, savings, and a client fund account, the latter of which maintained personal allowances for disabled clients that were required to be segregated. Because of her access and control over these accounts and her senior position at H.O.M.E., Shirley Goddard was able to conceal her unauthorized use of, and access to, H.O.M.E.'s funds through various means and by manipulating and actively deceiving H.O.M.E.'s finance staff, its outside auditors, its outside regulators, and its own Board of Directors.

32. H.O.M.E. did not have a Chief Financial Officer or a certified public accountant ("CPA") on staff. On a day-to-day basis, H.O.M.E. relied on two bookkeepers, one of whom functioned as a financial manager. Neither was a CPA. The financial manager reported directly to Shirley Goddard and was subject to Ms. Goddard's manipulation and control. Upon information and belief, Shirley Goddard routinely misled the financial manager and fabricated spurious explanations for her misuse of H.O.M.E. funds.

33. H.O.M.E. had an external CPA consultant who would periodically review and reconcile H.O.M.E.'s books and records. The consultant CPA was also misled by the Goddards regarding the reason for missing funds.

34. As a regulated entity and recipient of government funding, H.O.M.E. was required to prepare annual financial audits. H.O.M.E. employed the same outside auditor (“Auditor 1”) for many years until he formally retired in 2016 following his audit of H.O.M.E.’s 2015 financial statements. After his retirement, Auditor 1 continued to offer substantive accounting assistance to H.O.M.E. through mid-2017, but his successor, Auditor 2, prepared H.O.M.E.’s financial statements for 2016 and 2017. Auditor 1 identified financial irregularities in H.O.M.E.’s finances and internal controls and brought those issues to both Shirley Goddard’s and Tyrone Goddard’s attention on multiple occasions. The Goddards took advantage of their longstanding relationship with Auditor 1 and deflected his concerns by fabricating explanations to address the irregular financial transactions. As further discussed below, the Goddards also deceived Auditor 2 with similar falsehoods.

35. The Goddards similarly misled the Treasurer of H.O.M.E.’s Board and its other Board members by concealing and misrepresenting information, which impeded their ability to monitor H.O.M.E.’s financial activities and detect Shirley Goddard’s thefts.

36. In or about 2012, Shirley Goddard began stealing funds directly out of H.O.M.E.’s accounts, which continued until late 2018.

37. Over that period, Shirley Goddard diverted H.O.M.E.’s assets by, *inter alia*, making unauthorized and improper withdrawals from the various bank accounts that H.O.M.E. maintained, including in the form of: (i) telephone transfers and other teller withdrawals of funds directly from H.O.M.E. bank accounts, including the account H.O.M.E. maintained for its disabled clients’ personal allowance funds, into her personal bank accounts; (ii) cash withdrawals at ATM machines, including at two casinos; and (iii) purchases through use of H.O.M.E.’s debit card.

38. Shirley Goddard concealed her improper withdrawals from H.O.M.E.'s bank accounts by controlling H.O.M.E.'s financial record keeping. Each month, Shirley Goddard received copies of H.O.M.E.'s bank statements directly. She personally reviewed them and made notations to "code" specific transactions for either reimbursement or billing to a particular category or expense. Shirley Goddard then directed H.O.M.E.'s financial manager to record that coding in H.O.M.E.'s books and records in order to provide legitimate explanations for her unauthorized activities. Although H.O.M.E. had written internal control procedures, the financial manager was unaware of many of those policies, and rarely consulted or followed them. Relying on the financial manager's lack of knowledge or expertise, coupled with her trust in Ms. Goddard, Shirley Goddard took advantage of and bypassed H.O.M.E.'s internal financial procedures without meaningful oversight.

39. Upon information and belief, Shirley Goddard also used H.O.M.E.'s funds to make iTunes purchases for her personal benefit. She claimed that the agency's account was hacked to explain away thousands of dollars in personal charges.

40. Bank records over a multi-year period through 2018, establish repeated account transfers and other withdrawals from H.O.M.E.'s accounts into Shirley Goddard's personal accounts at the same financial institution. Under questioning at her examination by the Attorney General, Shirley Goddard refused to provide any explanation for this activity, invoking her Fifth Amendment rights against self-incrimination, including, for example, to questions such as "You also began transferring money through phone transfers from the [. . .] HOME, Inc. account to your personal account ending in [. . .]; is that correct?" and to repeated, extensive questioning about specific transactions showing the transfer of funds directly from H.O.M.E. accounts to Shirley Goddard's personal accounts.

41. Shirley Goddard also invoked her Fifth Amendment rights with respect to questioning about repeated withdrawals made at ATM machines located at the Turning Stone Casino, including in response to the question, “Did you make those ATM withdrawals?”

42. Upon information and belief, Shirley Goddard also stole funds from H.O.M.E. by fabricating vendor invoices and falsifying “loans” she claimed to have made to H.O.M.E.’s clients to cover up cash withdrawals she made from H.O.M.E. accounts for her own use.

43. Under questioning regarding her submission to H.O.M.E. of purported receipts from vendors for purported legitimate business expenses, many of which, upon information and belief, were fake, Shirley Goddard invoked her Fifth Amendment rights, including when asked, “And are all of the vendors that are listed on these invoices real vendors?”; and “Are any of them fabricated by you?”

44. With respect to the “loans” claimed to have been made to H.O.M.E. clients, Shirley Goddard had no actual receipts from businesses or entities to substantiate purported cash expenditures on behalf of H.O.M.E. clients, such as an invoice from a landlord for a claimed rent payment or a receipt from a store for the purported purchase of a wheelchair.

45. The records Shirley Goddard offered to substantiate her purported loans to clients were handwritten “notes” allegedly from H.O.M.E.’s disabled clients asserting that they needed immediate cash for specific payments. However, in response to questions under oath regarding the veracity of those notes, Shirley Goddard again invoked her Fifth Amendment rights, including in response to questions such as “Is that a real client of HOME, Inc.?”; and “[Y]ou did not actually purchase a wheelchair for this client; is that correct?”

46. On more than one occasion, Shirley Goddard also transferred funds out of H.O.M.E.’s personal allowance accounts that contained Social Security personal allowance

funds for its disabled clients, to H.O.M.E.'s operating account in order to cover a payroll or other expense shortfall caused by her own theft of H.O.M.E.'s operating funds.

47. Upon information and belief, Shirley Goddard used H.O.M.E.'s debit card on its operating account to make unauthorized, personal purchases from third parties, including from Best Buy, Verizon Wireless, and at the Carousel Center, a shopping mall located in Syracuse, New York. There is no evidence that any of these expenditures were for legitimate business purposes, or that any person other than Shirley Goddard made those purchases.

C. Tyrone Goddard's Knowledge of and Failure to Address His Wife's Misconduct

48. Tyrone Goddard was notified of his wife's unauthorized use of H.O.M.E. funds by Auditor 1, but he failed to respond in H.O.M.E.'s best interest. Instead of taking action to stop his wife's unlawful conduct and report it to the Board, he helped Shirley Goddard actively conceal her conduct by blocking or otherwise controlling the flow of accurate information to the Board and to H.O.M.E.'s outside auditors.

49. For example, in 2014, H.O.M.E.'s Auditor 1 alerted Tyrone Goddard to Shirley Goddard's unauthorized telephone transfers of H.O.M.E. funds into at least one of Shirley Goddard's personal accounts. Between 2014 and 2016, Auditor 1 also advised Shirley Goddard and Tyrone Goddard that Shirley Goddard should stop using the H.O.M.E. debit card. In addition, on multiple occasions in that same time period, Auditor 1 alerted Tyrone Goddard about unexplained telephone transfers and ATM withdrawals from H.O.M.E.'s bank accounts, which were apparent from H.O.M.E.'s bank statements.

50. Tyrone Goddard did not deny knowledge of Shirley Goddard's bank transfers when examined under oath. Instead, Tyrone Goddard invoked his Fifth Amendment rights, such as in response to questions, "Did there come a time when [Auditor 1] began to alert you about

internal control deficiencies at HOME, Inc.?", and "[I]n fact, he had raised with you concerns about Shirley Goddard taking unauthorized transfers, correct, or making unauthorized transfers, correct?"

51. Tyrone Goddard likewise invoked the Fifth Amendment in refusing to answer whether Auditor 1 "also raised concerns about Shirley Goddard . . . making unauthorized withdrawals from HOME, Inc.'s accounts; is that correct?", and about the nature of those transactions, including whether the "unauthorized transactions took the form primarily of phone transfers between accounts" and "withdrawals from ATM machines".

D. Defendants' Unlawful Efforts to Conceal Shirley Goddard's Unauthorized Financial Transactions

52. Shirley Goddard's unauthorized transfers and other withdrawals from H.O.M.E.'s bank accounts went undetected over the course of many years due to the Goddards' concealment efforts.

53. Shirley Goddard's unauthorized activity was obscured by varying the amount and frequency of her debits and by periodically depositing funds into H.O.M.E.'s accounts to hide the improper withdrawals.

54. In addition, for many years, the Goddards perpetrated a fraudulent scheme to explain the transfers. They falsely claimed that H.O.M.E.'s bank—Bank of America—was investigating an ongoing, multi-year "bank error" affecting H.O.M.E.'s business accounts that was responsible for the missing funds.

55. The Goddards advanced that story to explain to H.O.M.E.'s financial manager, the CPA consultant, and H.O.M.E.'s outside auditors why funds were missing at any given time from H.O.M.E.'s accounts. The Goddards also secretly made payments back into the H.O.M.E.

accounts. This lent credence to the “bank error” story by making it appear that the bank was correcting the error.

56. The purported “bank error” amounts were aggregated and reported as a receivable on H.O.M.E.’s books and records, which was carried forward over a period of years without being written off by the outside auditors.

57. Under oath, Shirley Goddard invoked her Fifth Amendment rights with respect to questioning about the fake “bank error”, including when asked, “Did there come a time when you told [Auditor 1] that the reason that those phone transfers were occurring was due to a bank error?”; in response to “[I]n fact, there was no bank error, correct?”; and in response to “But you fabricated that story to try and explain the phone transfers; is that correct?”

58. Tyrone Goddard also invoked his Fifth Amendment rights and refused to answer questions under oath about his role in perpetuating the “bank error” story, including in response to, “Did there come a time when you told [Auditor 1] that the money coming out of HOME, Inc.’s bank accounts was due to a bank error?”; in response to “Did you ever discuss with [Auditor 1] the fact that money coming out of HOME, Inc.’s accounts was due to a bank error?”; and in response to “Did you ever tell the board of directors of HOME, Inc. that the money coming out of HOME, Inc.’s accounts was due to a bank error?”

59. Shirley Goddard and Tyrone Goddard signed management representation letters issued to H.O.M.E.’s Auditor 1 and the successor auditor, Auditor 2, that falsely disavowed any knowledge of fraud or suspected fraud on the part of management involving H.O.M.E.

60. Before H.O.M.E. formally retained Auditor 2, another auditor resigned from the engagement almost immediately based on concerns about the bank transfers and “incomplete accounting records.”

61. When Auditor 2 audited H.O.M.E.'s financial statements for 2016 and 2017, he accepted as valid the "bank error" receivable, which continued to be carried forward on H.O.M.E.'s books and records.

62. Tyrone Goddard repeated the "bank error" story to Auditor 1 and to members of the Board of Directors many times. He also deflected efforts by the Board's Treasurer to contact or visit the bank directly, telling him that he and Shirley had been to the bank which would be refunding the purportedly erroneous withdrawals. Tyrone Goddard similarly misled Auditor 1, telling him that he had gone to the bank with H.O.M.E.'s Treasurer, when that in fact never occurred.

63. By way of example, in an email dated May 5, 2016, Tyrone Goddard told Auditor 1:

I went to the bank today at lunch time with Shirley. We requested information on the withdrawals from our account. As you can see, they will provide a report to be completed by 5/11/16. We will provide you a copy of the report when it is completed. Hope this is satisfactory to you.

64. By email dated May 23, 2016, Tyrone Goddard told Auditor 1:

Shirley called me a few minutes ago. She'd gone to the bank to get an update on their investigation of our account for you. They haven't finished yet. But, she discovered that \$33,000 had been returned to the H.O.M.E., Inc. account. The local bank staff can't tell us very much and refer investigations to the customer service/fraud unit. They told me that we would be contacted as soon as the investigation is finished and that it shouldn't be too much longer.

65. By email dated May 3, 2017, Auditor 1 told Tyrone Goddard, in relevant part:

As for the bank statements, you or the treasurer need to be more involved with the banking issues of phone transfers out of your account. . . . This has been going on since 2013. You told me last year that you and [the Treasurer] had met with the bank and it had been resolved.

66. In an email dated May 5, 2017, Tyrone Goddard told Auditor 1, in relevant part:

...I thank you for your help and support. The issue with the bank errors is a serious matter. We have been to the bank many times; as recently as March. Shirley and I

received a letter from the bank. [The financial manager] has the letter, Shirley gave it to her. Also, there was another letter given to [the financial manager] in reference to more investigations by the bank. There are documentations for the monies withdrawn from the bank....

67. Upon information and belief, several purported letters from the bank proffered by Defendants at various times to support the bank error story were either forged or fabricated by Defendants or were generated automatically by the bank in response to Shirley Goddard or Tyrone Goddard making a false report regarding the “bank error”. Shirley Goddard invoked her Fifth Amendment rights in response to questions about one of the letters, including in response to “Is that a real letter that you received from Bank of America”, and “Did you create that letter?” She invoked her Fifth Amendment rights in response to questions about another letter, including in response to, “Did you draft that letter?” Tyrone Goddard also invoked his Fifth Amendment rights in response to questions about three of the letters, including, with respect to one of them, in response to “Do you know whether this is, in fact, a real letter from Bank of America?”

68. Shirley Goddard similarly misled and deceived H.O.M.E.’s Board with false accounts of a “bank error.” In connection with a Board Meeting held on May 31, 2016, in which Auditor 1 presented his 2015 audit findings to H.O.M.E.’s Board, including as to vacation overpayments to Shirley Goddard and missing funds and withdrawals coming out of H.O.M.E.’s accounts, Shirley Goddard submitted a written memorandum to the Board of Directors (which included Tyrone Goddard) in which she repeated the false “bank error” story and also disputed Auditor 1’s assessment of her vacation over-usage.

69. Shirley Goddard also wrote to the Board’s Treasurer on May 12, 2017, taking issue with Auditor 1, writing:

Tyrone and I went over all of the bank statements for the last 12 months. We discovered that [Auditor 1] was wrong in his calculations. He did not include the moneys [sic] that were deposited back into our account. He only looked at items in the banking errors account that [the Financial Manager] set up. It didn't include items that had been returned to the account. Also, seemingly, someone hacked our account and set up an account with iTunes. These monies were also included. They shouldn't have. I have been working with iTunes to recover these funds....

70. In connection with a Board meeting held on June 6, 2017, Shirley Goddard submitted a fallacious CEO Report that said, in relevant part:

The banking errors are being looked at by the bank. The bank sent a letter explaining the process and what it takes to investigate each activity. There has been progress, and the bank has reimbursed us most of our funds. They are still investigating the activities on our bank account.

71. H.O.M.E.'s Treasurer confirmed in testimony under oath that the Goddards repeatedly deceived the Board by advancing the "bank error" story in their various reports to the Board.

72. In reliance upon the misrepresentations by both Shirley and Tyrone Goddard, the Board of Directors took no additional steps to inquire into the financial issues or to review H.O.M.E.'s internal controls.

73. In 2017, in connection with an audit by OPWDD, the agency was provided with one of the fake Bank of America letters, to support the "bank error" receivable, along with altered bank statements, to conceal improper withdrawals from one of H.O.M.E.'s accounts.

74. The Goddards continued to perpetuate the false "bank error" story when H.O.M.E. engaged Auditor 2, including by Shirley Goddard providing Auditor 2 with two of the suspect bank letters in the course of his audits.

E. Shirley Goddard's Unauthorized Compensation

75. In addition to making unauthorized withdrawals from H.O.M.E.'s bank accounts and falsifying expenses, beginning as early as 2012, Shirley Goddard also took compensation in

amounts over and above amounts that had been approved or authorized by H.O.M.E.'s Board. Upon information and belief, Shirley Goddard facilitated these overpayments through, among other things, claiming excess amounts of purportedly unused vacation that she would "carry over" and cash in from year to year, and unilaterally taking salary "advances", bonuses, and other payments.

76. On multiple occasions, Auditor 1 advised Shirley Goddard and Tyrone Goddard that Shirley Goddard had been overpaid and owed money back to the agency. Auditor 1 addressed the vacation pay issue in a management letter written to H.O.M.E.'s Board in 2015. The minutes of the Board meeting held on May 31, 2016, also reflect discussion by Auditor 1 of Shirley Goddard's vacation and bonus pay. Despite the issues raised by Auditor 1, Shirley Goddard continued to misappropriate agency funds disguised as compensation.

77. Also, in 2017, Shirley Goddard, upon information and belief, had H.O.M.E.'s then outside counsel prepare an employment agreement that provided her with 600 hours of paid vacation time for a five-year period effective January 1, 2017. The only Board Member to sign that Employment Agreement was Tyrone Goddard. Due to Tyrone Goddard's direct financial interest in his wife's compensation, his purported approval of the 2017 Employment Agreement was a violation of H.O.M.E.'s conflict of interest policy (as set forth in its Bylaws, Article XII).

78. Upon information and belief, a purported Board resolution provided to Auditor 2, which purported to approve the Employment Agreement (and retroactively approve **600 hours** of vacation pay for Shirley Goddard for 2016) was falsified. Under questioning during his examination about the validity of the purported Board resolution, Tyrone Goddard invoked his Fifth Amendment rights, including in response to the question, "Did you create this document in order to provide the auditor with some evidence that an employment agreement had been, in fact, approved by the board?"

79. In addition, in November 2018, after the Attorney General's investigation into Shirley Goddard's activities began and after H.O.M.E.'s Board of Directors suspended Shirley Goddard without pay, Shirley Goddard improperly accessed or caused to access H.O.M.E.'s payroll system and directed payments to herself of 80 hours of work, 88 hours of vacation, and another 80 hours of sick time, totaling \$14,904.80, to which she was not entitled.

80. The IRS Form 990s for H.O.M.E. for the years 2012 through 2018, show amounts paid as compensation to Shirley Goddard over that period, and upon information and belief reflect overpayments to Shirley Goddard, in amounts to be determined at trial.

F. Termination of the Goddards' Roles with H.O.M.E.

81. H.O.M.E.'s Board terminated Shirley Goddard as its Executive Director on November 30, 2018, after learning that she self-authorized payments of salary, vacation and sick time while on suspension without pay.

82. On or about November 15, 2018, at the Board's request, Tyrone Goddard resigned as Chairman of the Board.

83. Following the Goddards' separation from H.O.M.E., they each sent written correspondence to H.O.M.E. Board members, acknowledging aspects of Shirley Goddard's misconduct.

84. By email dated January 9, 2019, Tyrone Goddard wrote to the Board members and stated, in relevant part, "You see, although Shirley committed a grievous offense against the agency, she still wants the agency to survive and do well. She has no desire to harm the agency further in any way."

85. By letter postmarked December 24, 2018, Shirley Goddard wrote to a Board member and stated, "I thank you for continuing to be my friend. Unfortunately, I made a bad

decision I didn't know that I couldn't borrow money. I would pay the money back each time" This statement was false, and known by Shirley Goddard to be false.

86. Shirley Goddard's actions, and Tyrone Goddard's complicity over a period of years, left H.O.M.E. on the brink of insolvency, jeopardizing the continuation of critical services to the agency's vulnerable clients. Effective as of November 30, 2018, OPWDD placed H.O.M.E. on Early Alert status, where it remains today. The Early Alert status provides for additional monitoring and supervision of the organization's operations and requires remedial actions by the organization to correct financial and governance failures.

87. The Goddards' actions further caused significant financial expenses to H.O.M.E., including as a result of undertaking internal investigations, addressing investigations by regulators, hiring counsel, and engaging new auditors to review and restate the entity's financials.

G. Losses Caused by Shirley Goddard's Misconduct

88. The amount of funds that Shirley Goddard stole from H.O.M.E. will be determined at trial, but in the time period from January 1, 2012, to August 31, 2018, Shirley Goddard improperly diverted nearly \$1 million in H.O.M.E. funds, including through direct transfers from H.O.M.E. Inc. bank accounts to Shirley Goddard's personal accounts; ATM transactions at various casinos; transactions with iTunes; cash withdrawals at the teller; other ATM withdrawals; invoices paid to vendors that do not exist; "loans" to others; and salary overpayments.

FIRST CAUSE OF ACTION
For Breach of Fiduciary Duty Under N-PCL §§ 717 and 720
(Shirley Goddard)

89. The Attorney General repeats and re-alleges the allegations set forth in paragraphs 1 through 88 above as though fully set forth herein.

90. At all times relevant hereto, Shirley Goddard owed fiduciary duties to H.O.M.E. as the President, CEO, Executive Director, and a member. Shirley Goddard breached her fiduciary obligations pursuant to N-PCL § 717, and failed to discharge her duties with the degree of care, skill, prudence, diligence and undivided loyalty required of her (a) by engaging in the unauthorized use of H.O.M.E.'s charitable assets for her private benefit; (b) by routinely using H.O.M.E.'s cash, debit card, and expense reimbursement systems in violation of H.O.M.E.'s internal control policies; (c) by improperly using H.O.M.E.'s charitable assets for non-charitable purposes that did not advance the mission of H.O.M.E.; (d) by causing herself to receive unauthorized overpayments for purportedly unused vacation and other benefits; (e) by purposefully misleading H.O.M.E.'s Board of Directors, its outside auditors, and its external regulators concerning financial transactions involving H.O.M.E; (f) by misusing trust funds belonging to H.O.M.E clients held in agency fiduciary personal allowance accounts to cover losses she caused in H.O.M.E.'s operating account; and (g) by causing harm to H.O.M.E. and to the clients it serves.

91. Specifically, Shirley Goddard's breaches of fiduciary duty included:

- (a) Stealing funds belonging to H.O.M.E. through unauthorized transfers and cash withdrawals;
- (b) Stealing funds belonging to H.O.M.E. by submitting falsified vendor invoices and "loans" to clients;
- (c) Stealing funds from H.O.M.E. through unauthorized use of H.O.M.E.'s debit card for personal expenses;
- (d) Stealing funds from H.O.M.E. through unauthorized ATM withdrawals for personal benefit;

- (e) Stealing funds from H.O.M.E. through unauthorized iTunes purchases for personal benefit;
- (f) Stealing funds from H.O.M.E. through unauthorized overpayments to herself;
- (g) Concealing from H.O.M.E.'s Board, its auditors, and its outside regulators her theft of H.O.M.E.'s funds;
- (h) Improperly using H.O.M.E.'s charitable assets for non-charitable purposes that did not advance the mission of H.O.M.E.; and
- (i) Jeopardizing the provision of service to H.O.M.E.'s clients by materially depleting the agency's assets.

92. By engaging in the conduct described above, Shirley Goddard breached her fiduciary obligations pursuant to N-PCL § 717, in that she failed to discharge those duties in good faith and with the degree of care, skill, prudence, diligence and undivided loyalty required of her, causing harm to H.O.M.E.

93. Accordingly, Shirley Goddard is liable under N-PCL § 720 (a)(1) to account and pay restitution, in amounts to be determined at trial, and under N-PCL § 720 (a)(2) to set aside an unlawful conveyance, assignment or transfer of corporate assets, where the transferee knew of its unlawfulness, and including the return of salary she received while breaching her fiduciary duties to H.O.M.E., plus interest at the statutory rate of 9%, for her conduct in the neglect and violation of her duties in the management and disposition of charitable assets and in causing loss and waste of those assets by her breaches of fiduciary duty.

SECOND CAUSE OF ACTION
For Breach of Fiduciary Duty Under N-PCL §§ 717 and 720
(Tyrone Goddard)

94. The Attorney General repeats and re-alleges the allegations set forth in paragraphs 1 through 93 above as though fully set forth herein.

95. In his capacity as H.O.M.E.'s Chairman of the Board of Directors, Tyrone Goddard owed fiduciary duties to H.O.M.E., its Board of Directors, and its clients. Tyrone Goddard violated N-PCL § 717, by failing to discharge his fiduciary duties as the Chairman of the Board of H.O.M.E. with the degree of care, skill, prudence, diligence and undivided loyalty required of him, in particular (a) by failing to properly oversee H.O.M.E.'s finances; (b) by failing to prevent further losses to H.O.M.E. upon his discovery of Shirley Goddard's unauthorized use of H.O.M.E.'s charitable assets for her private benefit; (c) by failing to ensure that Shirley Goddard abided by H.O.M.E.'s financial policies and procedures and the recommendations of H.O.M.E.'s outside auditor and the external regulators charged with its fiscal oversight; (d) by purposefully misleading H.O.M.E.'s Board of Directors, its outside auditors, and its external regulators; (e) by failing to adequately ensure that safeguards were in place to prevent Shirley Goddard's unauthorized payroll overpayments; and (f) by failing to take adequate measures to avoid the conflict of interest that existed by virtue of his spouse's role as the entity's Executive Director, including without limitation, recusing himself from approval of the purported 2017 Employment Agreement.

96. By engaging in the conduct described above, Tyrone Goddard breached his fiduciary obligations pursuant to N-PCL § 717, in that he failed to discharge those duties in good faith and with the degree of care, skill, prudence, diligence and undivided loyalty required of him, causing harm to H.O.M.E.

97. Accordingly, Tyrone Goddard is liable under N-PCL § 720 (a)(1) to account and pay restitution, in amounts to be determined at trial, and under N-PCL § 720 (a)(2) to set aside an unlawful conveyance, assignment or transfer of corporate assets, where the transferee knew

of its unlawfulness, plus interest at the statutory rate of 9%, for his conduct in the neglect and violation of his duties in the management and disposition of charitable assets and in causing loss and waste of those assets by his breaches of fiduciary duty.

THIRD CAUSE OF ACTION
For Breach of EPTL § 8-1.4
(Shirley Goddard)

98. The Attorney General repeats and re-alleges the allegations set forth in paragraphs 1 through 97 above as though fully set forth herein.

99. Section 8-1.4(m) of the EPTL authorizes the Attorney General to institute appropriate proceedings to secure the proper administration of any charitable funds. Shirley Goddard, in her capacity as the Executive Director of H.O.M.E., was a trustee pursuant to EPTL Section 8-1.4, because she held and administered property for charitable purposes in the State of New York.

100. As set forth in paragraphs 1 through 99 above, Shirley Goddard is liable pursuant to EPTL Section 8-1.4(m) for failing to administer the charitable assets of H.O.M.E. entrusted to her care properly and, as a result, should be ordered to account for her breaches and to make restitution, plus interest at the statutory rate of 9%, to H.O.M.E.

101. In addition, Shirley Goddard should be permanently barred from serving as an officer, director, trustee, member, or other fiduciary with oversight of charitable assets of any not-for-profit or charitable organization incorporated or authorized to conduct business in the State of New York.

FOURTH CAUSE OF ACTION
For Breach of EPTL § 8-1.4
(Tyrone Goddard)

102. The Attorney General repeats and re-alleges the allegations set forth in paragraphs 1 through 101 above as though fully set forth herein.

103. Section 8-1.4(m) of the EPTL authorizes the Attorney General to institute appropriate proceedings to secure the proper administration of any charitable funds. Tyrone Goddard, in his capacity as Chairman of the Board of Directors of H.O.M.E., was a trustee pursuant to EPTL Section 8-1.4, because he held and administered property for charitable purposes in the State of New York.

104. As set forth in paragraphs 1 through 103 above, Tyrone Goddard is liable pursuant to EPTL Section 8-1.4(m) for failing to administer the charitable assets of H.O.M.E. entrusted to his care properly and, as a result, should be ordered to account for his breaches and to make restitution, plus interest at the statutory rate of 9%, to H.O.M.E.

105. In addition, Tyrone Goddard should be permanently barred from serving as an officer, director, trustee, member, or other fiduciary with oversight of charitable assets of any not-for-profit or charitable organization incorporated or authorized to conduct business in the State of New York.

FIFTH CAUSE OF ACTION
For Removal or Expulsion of the Goddards pursuant to
N-PCL §§ 112 (a)(7), 601(e), 706(d), and 714(c)
(Shirley Goddard and Tyrone Goddard)

106. The Attorney General repeats and re-alleges the allegations set forth in paragraphs 1 through 105 above as though fully set forth herein.

107. Shirley Goddard and Tyrone Goddard each breached their fiduciary duties of loyalty, care, and obedience to H.O.M.E., by, among other things, causing its assets to be diverted over a period of years for Shirley Goddard's personal benefit.

108. Shirley Goddard and Tyrone Goddard have caused injury to H.O.M.E. as a result of Shirley Goddard's theft and both Defendants' concealment of that theft, leaving H.O.M.E. in a precarious financial position, threatening delivery of services to its clients.

109. Accordingly, Shirley Goddard and Tyrone Goddard should be removed for cause under N-PCL §§ 706 (d) and 714(c), and be barred from re-election or reappointment as a director or officer of H.O.M.E.

110. In addition, Shirley Goddard and Tyrone Goddard should be expelled as members in H.O.M.E., pursuant to N-PCL §§ 112 (a)(7) and 601(e), to the extent that they still hold those positions.

PRAYER FOR RELIEF

WHEREFORE, the Attorney General, on behalf of the People of the State of New York, respectfully requests judgment:

(a) Directing Shirley Goddard and Tyrone Goddard to account for their conduct in failing to perform their duties in managing H.O.M.E.'s; to submit to an accounting and pay full restitution to H.O.M.E. in amounts to be determined, for the acquisition, waste, and misuse of its charitable assets and the consequences of that conduct, including the return of Shirley Goddard's salary received while breaching their fiduciary duties, plus interest at the legal rate; to set aside unlawful conveyances, assignments or transfers of corporate assets, all arising from the breach of fiduciary duties pursuant to N-PCL § 720 and EPTL § 8-1.4;

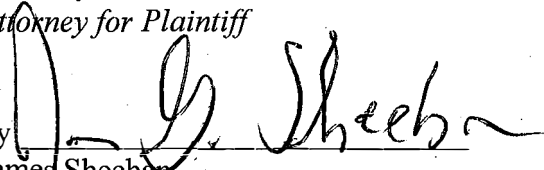
(b) Removing or expelling Shirley Goddard and Tyrone Goddard to the extent that either is an officer, director, trustee, member, or holds any other fiduciary position in H.O.M.E.;

(c) Permanently barring Shirley Goddard and Tyrone Goddard from serving as an officer, director, trustee, member, or other fiduciary of any not-for-profit or charitable organization incorporated in or conducting business or soliciting charitable donations in the State of New York pursuant to EPTL § 8-1.4;

- (d) Awarding the Attorney General the costs, disbursements and fees associated with this action; and
- (e) Granting such other and further relief as this Court deems just and proper.

Dated: New York, New York
February 18, 2022

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