

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF MONROE

THE PEOPLE OF THE STATE OF NEW YORK,
by LETITIA JAMES, Attorney General of the
State of New York,

Petitioner,

- against -

COMMUNITY RESOURCE
COLLABORATIVE, INC.,

Respondent.

Index No.

Assigned to

**VERIFIED PETITION
FOR DISSOLUTION AND
APPOINTMENT OF A
RECEIVER**

The People of the State of New York, by Letitia James, Attorney General of the State of New York (the "Attorney General" or "OAG"), as and for their Petition, respectfully allege the following:

PRELIMINARY STATEMENT

1. This dissolution proceeding is being brought pursuant to New York Civil Practice Law and Rules ("CPLR") Article 4 and New York Executive Law § 175(2)(c) and Not-for-Profit Corporation Law ("N-PCL") §§ 112(a)(5), 112(a)(7), 1101(a)(2) and (c), 1102(b), because Community Resource Collaborative, Inc. ("CRC") collected funds by false representations, engaged in financial mismanagement and is insolvent and unable to satisfy its' liabilities.

2. The Attorney General, acting pursuant to her statutory authority to oversee New York charitable not-for-profit organizations and to supervise the administration of charitable assets in the State of New York, is seeking the appointment of a receiver pursuant to N-PCL § 1202 to sell the charitable assets under CRC's control, including 1274-1278 Dewey Ave., Rochester, New York (the "Property") to pay debts and liabilities of CRC.

3. Attorney General has reason to believe that CRC made false statements or representations to the County of Monroe to obtain funds under the American Rescue Plan Act Subaward Grant agreement with the County of Monroe and that it mismanaged those funds by making unauthorized payments to outside programs, vendors and directors resulting in CRC failing to pay \$243,907.02 owed to community charities as reimbursements.

4. Accordingly, pursuant to N-PCL § 1104, the Attorney General seeks an order to show cause why the corporation should not be dissolved and pursuant to N-PCL §1202, further seeks an order appointing a receiver to sell the Property and any other assets to resolve CRC's debts and liabilities to sub-agencies and pursuant to N-PCL §1109, further seeks a final order and judgment dissolving CRC, and granting Petitioner such other and further relief as the Court finds necessary, appropriate, and just.

PARTIES

5. The Attorney General is responsible for overseeing the activities of New York not-for-profit corporations and the conduct of their officers and directors, in accordance with the Not-For-Profit Corporation Law ("N-PCL"), the Estates, Powers and Trusts Law ("EPTL"), the New York Executive Law and her common law *parens patriae* authority.

6. Respondent CRC is a not-for-profit corporation that was incorporated on September 7, 2021, and has a place of business at 100 Collage Ave., Suite 130, Rochester, New York 14607. It is registered as an active domestic nonprofit by the New York Department of State. A copy of the Certificate of Incorporation of CRC is annexed as Exhibit 3 to the Affirmation of Benjamin Bruce, Affirmed October 1, 2024 ("Bruce Aff.").

7. The original directors of CRC were Rose Marie Curtis, Devon Reynolds, and Aubrey Marrero and the Incorporator was Tina Paradiso. (Bruce Aff. Ex 3).

JURISDICTION AND VENUE

8. The OAG is charged with overseeing the conduct of New York charitable not-for-profit corporations and ensuring that charitable assets held in New York are properly administered and put to appropriate use. As the primary regulator of charitable organizations in the State of New York, the OAG brings this proceeding on behalf of the People of the State of New York under the Not-for-Profit Corporation Law, the Estates, Powers, and Trusts Law, New York Executive Law and as *parens patriae*.

9. Under N-PCL §§ 112(a)(5), 1101(a)(2) and New York Executive Law § 175(2)(c), the OAG may bring a special proceeding to dissolve a corporation under article 11 (Judicial dissolution) when a charitable organization uses a scheme for obtaining money by means of false pretense, representation or promise.

10. Under N-PCL § 112(a)(7), in an action or special proceeding against a not-for-profit corporation, the OAG may enforce any right given under the law to members, a director or an officer of a charitable not-for-profit corporation. See, e.g., *Cuomo v. Daniels*, No. 3794-08, 2009 N.Y. Misc. LEXIS 3098, *4, *15 (Sup. Ct., Sullivan Cty. Oct. 28, 2009) (granting Attorney General's petition in special proceeding pursuant to N-PCL §§ 112, 510, 720 & 1102 and EPTL § 8-1.4); *Abrams v. Richmond Cty. S.P.C.C.*, 125 Misc.2d 530, 532 (Sup. Ct., Richmond Cty. 1984).

11. Under N-PCL § 1102(a)(2)(E), the directors or members of a not-for-profit corporation, and the OAG through N-PCL § 112(a)(7), may seek to dissolve the corporation if the corporation is no longer able to carry out its purposes.

12. Under N-PCL § 1115, the provisions of N-PCL §§ 1006 (Corporate action and survival of remedies after dissolution), 1007 (Notice to creditors; filing or barring claims), and

1008 (Jurisdiction of supreme court to supervise dissolution), shall apply to a corporation dissolved under Article 11.

13. Under N-PCL § 1202(a)(1) and (3) the court may appoint a receiver and under the provisions of N-PCL § 1206(a), (b)(2) the receiver can take title to all the assets of the corporation and sell such assets, pay obligations and liabilities and manage its winding down.

14. Venue is proper in Monroe County under CPLR § 503(c) and N-PCL § 1110 because the only office of CRC is in Monroe County.

STATEMENT OF FACTS

15. On September 7, 2021, CRC was incorporated as a domestic not-for-profit corporation established for general charitable purposes. CRC was founded by Tina Paradiso, Rose Marie Curtis, Devon Reynolds, and Aubrey Marrero.

16. On November 29, 2022, CRC registered with the Attorney General's Charities Bureau (NY Registration Number 49-18-22) identifying Tina Paradiso as Executive Director, Rose Marie Curtis as Board President, and Devon Reynolds as Vice President. (Bruce Aff. Ex. 4)

17. On May 3, 2023, the County of Monroe (the "County") entered into the ARPA Subaward Grant Agreement ("Grant Agreement") with CRC to serve as a Fiscal Sponsor on behalf of the Neighborhood Collaborative Project ("NCP"). The NCP is a collaboration of multiple organizations located with the City of Rochester's Southwest, Northeast and Northwest quadrants ("Sub-Recipients"). A copy of the Grant Agreement is attached as Exhibit A to the Affidavit of Rebecca Case Caico sworn to September 27, 2024 ("Caico Aff.") which is annexed as to the Bruce Aff as Ex. 5.

18. CRC's primary responsibility as Fiscal Sponsor, included facilitating the aggregation and submission of monthly vouchers from the agencies/organizations for submission to the County, and the allocation to the agencies/organizations of the corresponding grant funding disbursed by the County. For this service, CRC was entitled to a 5% administrative fee of the overall project budget.

19. On February 6, 2024, CRC notified the County that CRC employees had engaged in financial mismanagement including actions and omissions that violated the Grant Agreement.

20. On February 7, 2024, the County suspended Grant Agreement payments to CRC and retained the independent accounting firm EFPR Group, CPAs, PLLC ("EFPR") to conduct a forensic review of CRC's management of the ARPA funds. (Caico Aff. ¶6)

21. On March 20, 2024, EFPR issued its report entitled "Forensic Review of Community Resource Collaborative and the Financial Administration of Monroe County/American Rescue Plan Act Funds" (the "Report"). (Caico Aff. Ex. B)

22. The Report demonstrates that CRC failed to satisfy several obligations imposed on it by the Grant Agreement.

23. The Grant Agreement required CRC to "maintain a financial management system and financial records related to all transactions with funds received pursuant to this Agreement." (Grant Agreement, ¶ 11.) The Report documents CRC's failure to maintain financial controls or maintain records tracking the use of funds provided under the Grant Agreement.

- a. The Report indicated that "in many instances, accounting entries made in the general ledger cash accounts lacked detail and deposit and disbursement activity was not accounted for by program and/or agency." (Report at p. 4)

- b. CRC could not produce statements for some bank accounts and corporate credit accounts needed to confirm payments to Sub-Recipients. (Report at p. 4)
 - c. CRC failed to produce agreements for 10 of 12 Sub-Recipients. (Report at p. 4)
24. The Grant Agreement required that funds paid by the County would only be used to carry out the scope of services defined in the agreement. (Grant Agreement, ¶ 6.) The Report documents CRC's utilization of funds paid under the Grant Agreement for unrelated programs or purposes.
- a. Funds related to the various programs and agencies being serviced by CRC were commingled throughout CRC's three bank accounts. (Report at p. 7-8)
 - b. CRC paid charges unrelated to its missions as a non-profit charity including but not limited to, charges for temporary/emergency housing (rent and hotel costs) approximated \$35,000 for the period of May – December 2023. Emergency/equitable transportation charges approximated \$28,000, most of it attributable to Uber charges, approximating \$26,000, Grocery/food charges approximated \$13,000. In addition, \$180,000 in disbursements/transfers that appear to have been identified in QuickBooks as repayments for loans made by Tina Paradiso/Ampie Enterprises.
 - c. CRC made direct payments to its directors for no apparent reason including but not limited to, \$28,000 in rent payments to Tina Paradiso's business Imprintable Solutions, \$10,000 in security, \$11,500 to Imprintable Solutions, and \$20,000 in direct payments to Anthony Hall. The disbursements to Mr. Hall represented a \$5,000 bonus paid in 2023 and advances of \$2,000, \$6,000 and \$4,000 paid in January 2024.

d. On September 28, 2023, CRC purchased the 1274-1278 Dewey Avenue property. The total required at closing was \$162,495.82 and was paid in cash. This property contains two for-profit business, Brothers and Sisters Unisex Salon and Sweet Ida Mae Pantry, two organizations operated by CRC Director Devon Reynolds. The report indicates that at the time of the purchase, the County paid CRC \$125,660 to reimburse Sub-Recipients but CRC did not make any payments until October 2023.

25. The Report concluded that CRC reimbursed itself for the full administrative fee for the initial project year upon receipt of the Initial Advance Payment. Based on the Vouchers submitted to and reimbursed by the County, CRC would have earned approximately \$49,721 (\$994,421.7 x 5%) of the administrative fee, rather than the full \$73,550 that it retained. Accordingly, CRC overpaid itself approximately \$23,779 for the administrative fee. (Report at p. 12).

26. The Report also concluded that CRC is likely insolvent because in the January 2024 bank statement provided for ESL, it was noted that CRC had a balance of \$2,899.58. and liabilities to NCP sub-recipients totaling \$243,907.02. (Report at p. 5)

27. The Report further concludes that CRC's financial mismanagement and lack of oversight caused its insolvency and that it is unclear if the state and availability of the underlying accounting records were a result of inexperience and disorganization, or an intentional effort to obfuscate the ultimate use of funding received from various sources. (Report at p. 9,14)

28. The County notes that if they had known that CRC failed to maintain a financial management system and failed to ensure that funds paid under the Grant Agreement were not

used for unrelated programs or purposes, the County would not have paid CRC funds under the Grant Agreement. (Caico Aff. ¶11)

29. Upon information and belief, CRC is not operating and the directors are not performing any duties for CRC. (Report at p. 12-13).

30. Tina Paradiso was solely responsible for the financial operations at CRC (Report at p. 140) however, she has left the jurisdiction and currently resides in Hattiesburg, Mississippi.

31. Upon information and belief, and as set forth above, the following individuals have been identified as directors of Community Resource Collaborative, Inc. and are entitled to notice of this proceeding:

Tina Paradiso
1st: 4014 Savannah St Apt D
Hattiesburg, MS, 39402-1260

2nd: 39 Spencer Road
Rochester, New York 14609

Rose Marie Curtis
274 North Goodman Street, Suite D110
Rochester, New York 14607

Devon Reynolds
1st: 1274 Dewey Avenue
Rochester, New York 14613

2nd: 67 Poplar Street
Rochester, New York 14620

Aubrey Marrero
129 Brayton Road
Rochester, New York 14616

Anthony Hall
78 Melville Street
Rochester, New York 14609

Jocelyn Basley
217 Birch Lane
Webster, New York 14580

32. The following agencies are required to be cited pursuant to N-PCL §1104(b) or as parties interested in the petition and relief sought:

1st: Internal Revenue Service
EO Classification
Mail Code 4910DAL
1100 Commerce Street
Dallas, Texas 75242-1198

2nd: Criminal Investigation
New York Field Office
255 East Avenue, Room 303
Rochester, New York 14604

NYS Department of Taxation and Finance
Office of Counsel
Building 9, W.A. Harriman Campus
Albany, New York 12227

33. Based on the Report, the following Recipient Organizations and the County of Monroe are owed funds by CRC and are therefore entitled to notice of this proceeding:

ABC Action Front Center
33 Chestnut Street, Second Floor
Rochester, New York 14604

Baden Street Counseling & Support Center
152 Baden Street
Rochester, New York 14605

Barakah Muslim Charities
584 Jefferson Avenue
Rochester, New York 14611

Beyond the Sanctuary
549 Clarissa Street
Rochester, New York 14608

Cameron Community
48 Cameron Street
Rochester, New York

Father Tracy Advocacy Center
821 North Clinton Avenue
Rochester, New York 14605

Lyell Avenue Business Association
502 Lyell Avenue
Rochester, New York 14606

SWAN at Montgomery Center
10 Cady Street
Rochester, New York 14608

The People's Pantry
555 Avenue D
Rochester, New York 14621

Monroe County Department of Law
John P. Bingewatt, County Attorney
307 County Office Building
39 West Main Street
Rochester, New York 14614

34. The following for-profit vendors are identified in the Report as creditors of CRC and are entitled to notice. However, their claims are subject to disqualification on the grounds of self-dealing if it is determined that the services or goods rendered by these vendors were not arm's-length transactions.

MC Collaborative LLC
571 Elmwood Avenue
Rochester, New York 14620

On The Ground Research
400 Andrews Street, Suite 220
Rochester, New York 14604

C3 Consultancy Services
121 Sullys Trail, Suite 12
Pittsford, New York 14534

35. Pursuant to N-PCL §1104, the foregoing parties may be served by regular mail at least twenty (20) days before the return date.

36. In addition, N-PCL §1104 requires the Order to Show Cause to be published at least once a week for the three weeks preceding the return date in one or more newspapers, specified by the Court, of general circulation in the county in which the office of the corporation is located. The publication is intended to provide notice to "all members, creditors, or claimants, including any with unliquidated or contingent claims and any with whom the corporation has unfulfilled contracts" and other interested parties whose identities and addresses are unknown to petitioner.

37. It is proposed that such notice be published in The Daily Record as the local publications most likely to provide actual notice to any interested party.

FIRST CAUSE OF ACTION

**DISSOLUTION OF CRC PURSUANT TO
N-PCL §§ 1101(c), 1102(a)(1)(A) and 1102(a)(2)(E)**

38. The Attorney General repeats and re-alleges paragraphs 1 - 37, as though fully set forth herein.

39. The Attorney General is authorized under N-PCL § 112(a)(7) to enforce any right given to members, directors, or officers of a New York not-for-profit corporation.

40. The CRC is liable to be dissolved under N-PCL § 1102(a)(1)(A) because the assets of the corporation are not sufficient to discharge its liabilities.

41. The CRC is liable to be dissolved under N-PCL § 1102(a)(2)(E) because the corporation is no longer able to carry out its purposes.

SECOND CAUSE OF ACTION

DISSOLUTION OF CRC PURSUANT TO NEW YORK EXECUTIVE LAW § 175(2)(c) and N-PCL §§ 112(a)(5), 1101(a)(2) and (c), 1102(b),

42. The Attorney General repeats and re-alleges paragraphs 1 - 37, as though fully set forth herein.

43. The Attorney General is authorized pursuant Executive Law § 175(2)(c) to obtain an order dissolving a corporation and other relief which the court may deem proper, whenever the attorney general shall have reason to believe that the charitable organization or other person in the collection of funds employs a scheme to obtain money by false pretense, representation, or promise.

44. CRC is liable to be dissolved because it falsely promised the County that it would maintain financial control systems and only use funds it received pursuant to the Grant Agreement to solely pay the Sub-Recipients to collect funds from the County.

45. CRC is liable to be dissolved because it made unauthorized payments to programs and vendors using restricted funds provided to it by the County for a specific charitable purpose.

THIRD CAUSE OF ACTION

APPOINTMENT OF A RECEIVER PURSUANT TO N-PCL § 1202

46. The Attorney General repeats and re-alleges, paragraphs 1 - 37, as though fully set forth herein.

47. This Court may appoint a receiver over a not-for-profit corporation under N-PCL § 1202 where the Attorney General has initiated proceedings to dissolve the corporation under N-PCL Article 11 or when the Attorney General has initiated proceedings under N-PCL § 112.

48. The Attorney General has initiated proceedings against CRC under N-PCL Article 11 and N-PCL § 112. Accordingly, this Court should appoint a receiver over CRC to safeguard its assets and usher the organization through the dissolution process.

WHEREFORE, Petitioner respectfully requests the Court issue an order to show cause directing:

49. an injunction pursuant to N-PCL § 1113, restraining CRC and its officers and directors and restraining any person claiming to act on behalf of CRC, except by permission of the Court, from

- a. conducting any unauthorized activities and from exercising any unauthorized corporate powers;
- b. collecting or receiving any debt or other property of the corporation; or
- c. from paying out or otherwise transferring or delivering any property of the corporation other than as described herein; or from soliciting charitable contributions from the public by any means during the pendency of this action

and restraining the creditors of CRC from beginning any action against the corporation, or from taking any proceedings in an action theretofore commenced, except by permission of the court.

50. appointment of a receiver pursuant to N-PCL § 1202(a)(1) and (3) to:
- a. take title to CRC's assets including real and personal property and
 - b. hire a licensed real estate broker or auctioneer for the sale of its real or personal property;
 - c. demand, collect and receive from any tenants in possession of the premises all rents now due and unpaid or to be assessed by the receiver and becoming due;
 - d. employ counsel and to institute and carry on all legal proceedings for the protection of the premises or to recover possession of the premises, and to institute and prosecute suits for the collection of rents and summary proceedings for the removal of any tenant or other persons from the premises; improve, lease, repair or sell any real or personal property in which CRC has an interest, and make a report of such and file it with the clerk of the Court within thirty (30) days thereof, on notice to the Attorney General's Office, and, after deducting the costs of sale, including liens associated with unpaid taxes and water assessments, and the receiver's fees, remit the proceeds of sale as the Court may direct;
 - e. pay CRC's valid obligations to sub-recipients under the Grant Agreement with Monroe County and such other liabilities to manage the winding down of CRC.
51. that the Board of Directors and their agents to secure the premises and provide reasonable access and assistance to the receiver for the purpose of marshaling, appraising, and liquidating the assets;

52. that the creditors of CRC to present their respective claims, accounts and demands against the corporation in writing and in detail to the Court, pursuant to N-PCL §1007;

WHEREFORE, Petitioner respectfully requests the Court issue a Final Order and Judgment directing:

53. the dissolution of CRC pursuant to New York Executive Law § 175(2)(c) and Not-for-Profit Corporation Law (“N-PCL”) §§ 112(a)(5), 112(a)(7), 1101(a)(2) and (c), 1102(b), and the filing a certificate of dissolution,

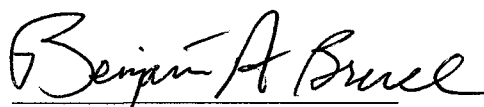
54. that the court retain jurisdiction over this matter after the date of the entry of judgment for all purposes; and

55. such other and further relief as the court finds necessary, appropriate, and just.

Dated: Rochester, New York

October 2, 2024

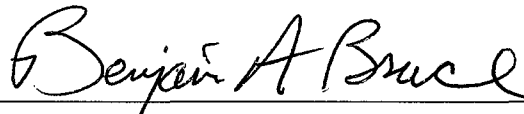
LETITIA JAMES
Attorney General of the State of New York

By: 
Benjamin A. Bruce
Assistant Attorney General
Rochester Regional Office
144 Exchange Blvd., Suite 200
Rochester, New York 14614
Tel. (585) 327-3215

VERIFICATION

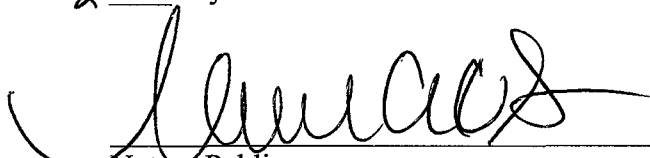
STATE OF NEW YORK)
COUNTY OF MONROE) ss.:

Benjamin A. Bruce, an attorney admitted to practice in the courts of the state of New York, affirms under the penalties of perjury as follows: That he is an Assistant Attorney General in the Office of Letitia James, Attorney General of the State of New York, and is duly authorized to make this verification. That he has read the foregoing Petition and knows the contents thereof, that the same are true to his own knowledge, except as to matters therein stated to be alleged on information and belief, and as to those matters, he believes them to be true.



Benjamin A. Bruce

Sworn to before me this
2nd day of October 2024



Notary Public

MICHELLE A. ORTIZ
Notary Public - State of New York
No. 01OR6324113
Qualified in Monroe County
My Commission Expires on May 4, 2027

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF MONROE

THE PEOPLE OF THE STATE OF NEW YORK,
by LETITIA JAMES, Attorney General of the
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COMMUNITY RESOURCE
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ORDER TO SHOW CAUSE

Pursuant to the Verified Petition filed in this Court by Letitia James, Attorney General of the State of New York, for the dissolution of Community Resource Collaborative, Inc. a hearing will be held before this Court, at the Hall of Justice, 99 Exchange Boulevard, Rochester, New York 14614, on the ____ day of _____, 2024 at ____ a.m./p.m. or as soon thereafter as counsel may be heard, to show cause why an order should not be entered dissolving Community Resource Collaborative, Inc. pursuant to the Not-For Profit Corporation Law and requesting the following additional relief:

1. an injunction pursuant to N-PCL § 1113, restraining CRC and its officers and directors and restraining any person claiming to act on behalf of CRC, except by permission of the Court, from
 - a. conducting any unauthorized activities and from exercising any unauthorized corporate powers;
 - b. collecting or receiving any debt or other property of the corporation; or
 - c. from paying out or otherwise transferring or delivering any property of

the corporation other than as described herein; or from soliciting charitable contributions from the public by any means during the pendency of this action and restraining the creditors of CRC from beginning any action against the corporation, or from taking any proceedings in an action theretofore commenced, except by permission of the court.

2. appointment of a receiver pursuant to N-PCL § 1202(a)(1) and (3) to:
 - a. take title to CRC's assets including real and personal property and
 - b. hire a licensed real estate broker or auctioneer for the sale of CRC's real or personal property;
 - c. demand, collect and receive from any tenants in possession of the premises all rents now due and unpaid or to be assessed by the receiver and becoming due;
 - d. employ counsel and to institute and carry on all legal proceedings for the protection of the premises or to recover possession of the premises, and to institute and prosecute suits for the collection of rents and summary proceedings for the removal of any tenant or other persons from the premises; improve, lease, repair or sell any real or personal property in which CRC has an interest, and make a report of such and file it with the clerk of the Court within thirty (30) days thereof, on notice to the Attorney General's Office, and, after deducting the costs of sale, including liens associated with unpaid taxes and water assessments, and the receiver's fees, remit the proceeds of sale as the Court may direct;
 - e. pay CRC's valid obligations to sub-recipients under the Grant Agreement with Monroe County and such other liabilities to manage the winding down of CRC.
3. that the Board of Directors and their agents to secure the premises and provide

reasonable access and assistance to the receiver for the purpose of marshaling, appraising and liquidating the assets;

4. that the creditors of CRC to present their respective claims, accounts and demands against the corporation in writing and in detail to the Court, pursuant to N-PCL §1007;

5. Such other and further relief as to the Court may seem just and proper.

NOW, on motion of Letitia James, Attorney General of the State of New York, it is hereby,

ORDERED that, pursuant to Not-For-Profit Corporation Law §1104, a copy of this Order to Show Cause shall be published once a week for three consecutive weeks in the Daily Record; and it is further,

ORDERED that service of a copy of this Order to Show Cause shall be made by regular mail on the parties required to be cited as set forth in the petition on or before _____, 2024.

Signed this ____ day of _____, 2024 at Rochester, New York.

Hon.
Supreme Court Justice