

**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION**

CASA RUBY, INC.,

Plaintiff,

v.

RUBY CORADO, *et al.*,

Defendants.

Case No. 2022 CA 003343 B
Judge Danya A. Dayson

RECEIVER'S THIRD INTERIM REPORT

The Wanda Alston Foundation, Inc., the Court-appointed receiver (the “Receiver”) over Defendants, Casa Ruby, Inc., and its subsidiaries and affiliates (“Casa Ruby”), respectfully submits this Third Interim Report and states as follows:

I. Introduction and Procedural Background

The Wanda Alston Foundation was appointed as the Receiver for Casa Ruby, Inc. by the Court on August 12, 2022. It immediately started taking necessary actions to secure the organization’s records and property – delivering the *Receiver’s First Interim Report* to the Court on September 26, 2022.

At the subsequent status hearing on September 29, 2022, Plaintiff expressed its intention to amend its complaint to add additional parties and allegations. The Court extended the term of the receivership and set two additional receivership report deadlines for October 28, 2022 and November 28, 2022 and a second status hearing for January 6, 2023.

The *Receiver's Second Interim Report* was delivered to the Court on October 28, 2022. *Receiver's Motion for Extension to File the Receiver's Third Interim Report* was filed on November 23, 2022 – asking for the Court's leave to defer its third report until December 16, 2022 after Plaintiff filed its amended complaint. Said motion was uncontested and Plaintiff filed its *First Amended Complaint for Violations of the Nonprofit Corporations Act, Wage Payment and Collection Law, Minimum Wage Revision Act, and Common Law* on November 28, 2022.

II. M&T Bank Not Complying with Court's Order

Pursuant to the Court's *Order Appointing Receiver* dated August 12, 2022, the Receiver has been trying to secure custody and control over the checking accounts that Casa Ruby, Inc. maintained at M&T Bank. Ms. June Crenshaw initially approached the institution – providing a copy of the Court's order. M&T Bank requested additional documentation from the Wanda Alston Foundation's Board of Directors.

After providing that information, Ms. Crenshaw heard nothing further and she asked counsel to get involved. Over a period of six weeks, counsel visited the institution at two different locations in the metropolitan area. M&T Bank was advised of the deadline for the Receiver's report to the Court and counsel asked for one extension from the Court because the institution was not responsive. At this point, the Receiver regrets to report that M&T Bank is not complying with the Court's order.

III. Further Review of Accounting Firm's Records

As noted in the *Receiver's Second Interim Report*, the District of Columbia has shared the records it received from Ayala, Vado, and Associates. Those records were somewhat disorganized and incomplete – with significant gaps which limit the Receiver's ability to conduct a complete forensic analysis. However, the firm provided accounting services to Casa Ruby, Inc. for over five

years. It started working for Casa Ruby on or about June 3, 2016¹ and it prepared the organization’s IRS Form 990 from 2016 to 2020. During that time, the firm received copies of bank statements and other financial records for the following eight accounts:

CitiBusiness Streamlined Checking Account (Account No. Ending in –9509)	M&T Business Access Line or Credit (Account No. Ending in –6001)
CitiBusiness Streamlined Checking Account (Account No. Ending in –4113)	M&T Business Rewards Credit Card (Account No. Ending in –8963)
M&T Advanced Business Checking Account (Account No. Ending in –2805)	American Express Business Platinum Card (Account No. Ending in –2015)
M&T Tailored Business Checking Account (Account No. Ending in –4601)	American Express Business Platinum Card (Account No. Ending in –1009)

A. Major Revenue Streams

Individual Donations. The CitiBusiness Streamlined Checking Account (Account No. Ending in –9509) appears to have been the main depository for individual donations that Casa Ruby, Inc. received through PayPal. The organization did not suffer during the COVID-19 pandemic – as there were transfers of \$438,355.90 in 2020 and \$161,398.98 in the first three months of 2021. At its peak, Casa Ruby, Inc. collected about \$40,000.00 / month from this revenue stream. Then, this account was closed at the end of March 2021.

Corporate Donations. The M&T Advanced Business Checking Account (Account No. Ending in –2805) appears to have been the main depository for any private foundation grants, employee fundraising campaigns, or corporate donations. In 2020, Casa Ruby, Inc. collected \$553,507.34 in this account – including \$400,000.00 from Gilead, \$39,478.86 from a life insurance

¹ <https://www.dropbox.com/s/8igzcpd5ig5tpdo/First%20Meeting.pdf>

payout, and \$35,000.00 from Arcus Foundation, Sanford Bernstein, Ltd., and AIDS Healthcare Foundation. However, in 2021, only \$115,293.41 was collected in this account – much of it being the revenue from a massive fundraising campaign on GoFundMe in July 2021 – where Casa Ruby, Inc. raised \$130,085.00 after alleging that the District of Columbia declined to renew one of its grants for a low-barrier shelter.²

Public Funding. The CitiBusiness Streamlined Checking (Account No. Ending in –4113) appears to have been the main depository for any grants, contracts, or awards that Casa Ruby, Inc. received from the District of Columbia and any other governmental entities. There were direct deposits amounting to \$2,308,567.69 in 2020 and \$547,741.47 in the first three months of 2021. At its peak, Casa Ruby, Inc. collected about \$190,500.00 / month from this revenue stream. Then, this account was also closed at the end of March 2021.

B. Large Cash Withdrawals

Most of the payments and expenditures made by Casa Ruby, Inc. would come out of the M&T Tailored Business Checking Account (Account No. Ending in –4601). So, Ms. Corado would periodically move over funds from the other three checking accounts. These transactions could have been easily accomplished by directly transferring money between the accounts online. However, for reasons that could not be determined, she chose to make large counter withdrawals and carry the cash over to the bank personally. Initially, these large cash withdrawals were relatively easy for the accounting firm to reconcile. As withdrawals from one account corresponded to a deposit of a matching sum in another account on the same day. However, over time, Ms. Corado withdrew multiple sums from different accounts, held that cash for longer

² <https://www.dropbox.com/s/adww9pvuuf2ql5/GoFundMe%20Fundraiser.jpeg>

periods of time, and combined it with other sources of revenue – making it more difficult for the accounting firm to keep everything straight.³ Small sums of money also started disappearing.⁴

When no one on the Board of Directors noticed or objected, those sums became larger over time. In April 2021, the firm was having difficulty reconciling the disappearance of and a \$100,000.00 counter withdrawal from the CitiBusiness Streamlined Checking Account (Account No. Ending in –9509) on 01/06 and a \$100,000.00 cash advance on the M&T Business Access Line or Credit (Account No. Ending in –6001) on 01/28.⁵ By September 2021, there were multiple issues: (1) Casa Ruby, Inc. was making monthly payments on one board member’s American Express credit card; (2) Eight checks totally \$167,500.00 had been made out to TIGlobalLogistics; (3) Ms. Corado has taken \$386,500.00 from the organization’s accounts in eight large cash withdrawals; and (4) There were many smaller cash withdrawals for less than \$1,000.00 over the past six months.⁶

Ms. Corado resigned as the organization’s Executive Director on October 1, 2021.⁷ However, she continued to maintain control of all of the organization’s accounts and finances. For the next three months, another \$117,126.64 was withdrawn from the M&T Tailored Business Checking Account (Account No. Ending in –4601) through ATM transactions, CashApp transactions to unnamed accounts, counter withdrawals, out-of-sequence checks, payments on Ms. Corado’s M&T Business Rewards credit card, a series of Union Baptist Temple charges on the same day, and Xoom online wire transfers.

³ <https://www.dropbox.com/s/mlhyd5j69dtjn58/Paper%20Trails.pdf>

⁴ <https://www.dropbox.com/s/sdrre3v6ug88s6s/Small%20Sums%20Missing.pdf>

⁵ <https://www.dropbox.com/s/g3pbfx5c2ztwb1u/Missing%20Cash.pdf>

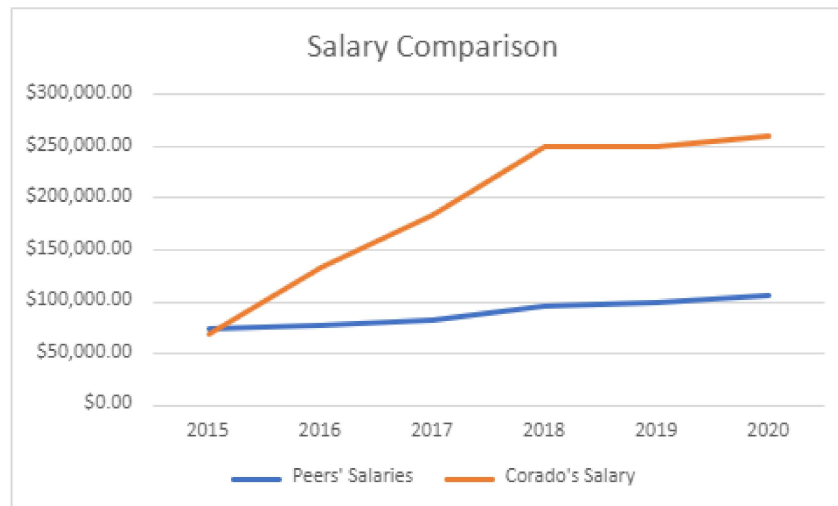
⁶ <https://www.dropbox.com/s/8ttwoiu3e7dsvan/Many%20Issues.pdf>

⁷ <https://www.dropbox.com/s/s4jyf4qvx66gc1o/Corado%20Resigns.pdf>

DATE	TRANSACTION	AMOUNT
10/01	Check #10629	\$3,500.00
10/04	ATM Cash Withdrawal	\$1,000.00
10/04	Xoom.com Wire Transfer	\$510.99
10/04	Check #10648	\$2,500.00
10/05	ATM Cash Withdrawal	\$1,000.00
10/19	Xoom.com Wire Transfer	\$510.99
10/21	Check #10904	\$1,000.00
10/21	Check #10905	\$450.00
10/25	Check #10643	\$3,500.00
10/26	Web Payment to Card Ending in –8963	\$25,645.59
10/26	Check #10655	\$11,245.42
10/29	Check #10656	\$10,895.71
10/29	Check #10631	\$450.00
11/01	Check #10874	\$300.00
11/03	Union Baptist Temple Sale	\$2,000.00
11/03	Union Baptist Temple Sale	\$2,000.00
11/03	Union Baptist Temple Sale	\$6,000.00
11/03	Union Baptist Temple Sale	\$6,000.00
11/03	Check #10875	\$1,000.00
11/08	Xoom.com Wire Transfer	\$510.99
11/09	ATM Cash Withdrawal	\$360.00
11/17	Xoom.com Wire Transfer	\$510.99
11/18	Xoom.com Wire Transfer	\$1,722.99
11/19	Check #10876	\$300.00
11/19	Check #10895	\$300.00
11/22	Counter Withdrawal	\$7,060.00
11/22	Xoom.com Wire Transfer	\$510.99
11/24	ATM Cash Withdrawal	\$500.00
11/29	ATM Cash Withdrawal	\$1,000.00
11/29	Counter Withdrawal	\$5,000.00
11/29	Check #10653	\$3,500.00
12/02	Xoom.com Wire Transfer	\$2,530.99
12/06	Check # 10652	\$5,000.00
12/15	CashApp to _____	\$1,500.00
12/20	Xoom.com Wire Transfer	\$510.99
12/30	CashApp to _____	\$3,800.00
12/30	CashApp to _____	\$3,000.00
TOTAL		\$117,126.64

C. Unauthorized Line of Credit

In December 2018, Ms. Corado opened a M&T Business Access Line or Credit (Account No. Ending in –6001)⁸ – presumably without any official authorization or approval since the Receiver has been told that there was no functional Board of Directors.⁹ Initially, it seems to have served as \$250,000.00 of overdraft protection. However, Ms. Corado later applied for higher credit limits.¹⁰ When no one on the Board of Directors noticed or objected, the line of credit became larger. There were multiple cash advances and balance transfers. By February 2021, the line of credit was maxed out at \$600,000.00.



D. Unauthorized Salary Increases

Over the course of five years, Ms. Corado also took salary increases raising her compensation from \$68,744.00 in 2015 to \$260,416.00 in 2020. Although each of these increases

⁸ <https://www.dropbox.com/s/ip6lt1k99u3g31s/Credit%20Line%20Opened.pdf>

⁹ <https://www.dropbox.com/s/p8x5ogn6z0hz2td/No%20Functional%20Board.pdf>

¹⁰ <https://www.dropbox.com/s/vt3aal60hhn4pn0/Higher%20Credit%20Limit.pdf>

were reported on the organization's IRS Form 990 which is publicly available online¹¹, the Receiver has found no evidence that any of these salary increases were voted upon by the Board of Directors. It also found no evidence that anyone on the Board of Directors noticed or objected to them. During the same period, Ms. Corado's peers at the DC Center¹², HIPS¹³, SMYAL¹⁴, and Wanda Alston¹⁵ received about \$614,045.50 less.

E. Use of Debit and Credit Cards for Personal Expenses

Casa Ruby, Inc. also maintained three credit cards – an M&T Business Rewards Credit Card (Account No. Ending in –8963) issued to Ms. Corado, an American Express Business Platinum Card (Account No. Ending in –2015) issued to Ms. Corado, and an American Express Business Platinum Card (Account No. Ending in –1009) issued to one of the organization's board members, Ms. Consuela Lopez.

The M&T Business Rewards Credit Card (Account No. Ending in –8963) appears to have been issued in December 2019. However, Ms. Corado only provided the accounting firm with records for 20 months. During that time, she made \$254,852.30 in charges. There was no separation of her personal living expenses from the organization's official business expenses and Ms. Corado used the credit card to supplement her salary – charging \$19,734.24 for trips back home to El Salvador, \$9,507.57 for meals at restaurants around Washington DC, \$2,141.46 for Uber and Lyft trips, and \$8,759.56 for other personal expenses like salon visits, beauty supplies, nails and lashes, chiropractor fees, and candles and incense.

¹¹ <https://www.dropbox.com/s/kqc3oxjb9xpi70u/Casa%20Ruby.pdf>

¹² <https://www.dropbox.com/s/6imooemsvbhaap7/DC%20Center.pdf>

¹³ <https://www.dropbox.com/s/5v7g308pyd242ig/HIPS.pdf>

¹⁴ <https://www.dropbox.com/s/lanywaftdaly3nu/SMYAL.pdf>

¹⁵ <https://www.dropbox.com/s/a1968ldrmp4v4mr/Wanda%20Alston.pdf>

The accounting firm had noted similar personal living expenses on the organization's debit and credit cards as early as May 2017 – when someone prepared a *Cash Transactions Log*.¹⁶ Over the next four years, it raised other concerns about expenditures that appeared to be for Ms. Corado's personal living expenses – like the charges for a luxury condominium in Downtown Washington DC near the Navy Memorial.¹⁷

F. Payments Below the Minimum Wage and Evasion of Payroll Taxes

As noted in the *Receiver's Second Interim Report*, the accounting firm repeatedly expressed concerns that Casa Ruby was not making its payroll tax payments in a timely manner and it tried a number of different approaches to convince Ms. Corado to correct the situation – becoming increasingly proactive in the organization's payroll process.¹⁸ However, the organization's bank statements also show that Ms. Corado used CashApp and other mobile payment services to pay employees below the minimum wage and evade payroll taxes.

G. Overseas Transfers to El Salvador

In June 2021, Ms. Corado announced that Casa Ruby, Inc. was opening an office in her home country of El Salvador.¹⁹ She then proceeded to drain \$37,588.35 from the organization's M&T Tailored Business Checking Account (Account No. Ending in –4601) – mostly through a series of \$500.00 overseas ATM transactions. The expansion was well beyond the scope of the organization's nonprofit mission and the Receiver found no evidence that it was authorized or

¹⁶ <https://www.dropbox.com/s/udfibqz7tl6q4e1/Personal%20Expenses.pdf>

¹⁷ <https://www.dropbox.com/s/rb4n1nfn5bhoge/Luxury%20Condo.pdf>

¹⁸ <https://www.dropbox.com/s/5p090ux494wwaon/Tax%20Issues.pdf>

¹⁹ <https://www.dropbox.com/s/0z8zf2xvmtlqzq/El%20Salvador.pdf>

approved by the Board of Directors. Nevertheless, even though the initiative was well-publicized by the press, there is no evidence that anyone on the Board of Directors noticed or objected to it.

H. Limitations of Forensic Analysis

Since M&T Bank is not complying with the Court's order, the Receiver has been unable to review any check images other than the two included with the accounting firm's records.²⁰ It has also been unable to review any bank statements from 2022. However, the pattern of waste, fraud, and abuse appears to have been intensifying as Ms. Corado discovered that there was no meaningful oversight by the Board of Directors. Thus, it is reasonable to assume that there are many other issues in the financial documents yet to be disclosed.

IV. Conclusions

Based upon our review of the accounting firm's records, Casa Ruby, Inc. did not collapse due to the loss of an \$800,000.00 grant from the District of Columbia. In 2021, financial records show deposits from multiple revenue streams totaling \$5,169,098.03 to the M&T Tailored Business Checking Account (Account No. Ending in -4601). There is also little evidence that the organization's collapse was due to any form of reprisal for filing a complaint of discrimination against the District of Columbia. For many years, Ms. Corado seemed to receive special treatment from many elected public officials in Washington DC and she enjoyed a level of power and privilege that few others can claim.^{21 22 23 24}

²⁰ <https://www.dropbox.com/s/72bdmx24r9vhj2h/Self-Dealing%20Checks.pdf>

²¹ <https://www.dropbox.com/s/erlioywo3qkvvsf/Vincent%20Gray.pdf>

²² <https://www.dropbox.com/s/ibeje9yda hxp2b3/Muriel%20Bowser.pdf>

²³ <https://www.dropbox.com/s/172i038dvquhbzq/Washingtonian.pdf>

²⁴ <https://www.dropbox.com/s/cm26fputglnkmp7/Smithsonian.pdf>

The organization failed because of a multiple cash withdrawals and overseas transfers that Ms. Corado made to set herself up for a lavish retirement in El Salvador. She made no secret of her intentions – openly broadcasting them on social media.²⁵ Initially, it appears to have started with small charges. Then, when no one seemed to notice or object, Ms. Corado got bolder – making social media posts on the same day she withdrew \$1,000.00 from an ATM.²⁶ When it was evident that there was no meaningful oversight by the Board of Directors, she finally dropped all pretenses and started openly looting the organization.

For many years, there were many reports of waste, fraud, and abuse.²⁷ However, since Casa Ruby, Inc. served the most marginalized members of the LGBTQ+ community, Ms. Corado ruthlessly discredited anyone who criticized her work – showing utter contempt for the vulnerable populations that she supposedly served.²⁸ Many of the transgender women of color who remained loyal to her were ultimately left to fend for themselves.^{29 30 31}

If the Board of Directors had performed the barest level of due diligence, the situation at Casa Ruby, Inc. might have been discovered. Even though no one seemed to be watching, the accounting firm diligently recorded its reservations – leaving a trail of bread crumbs in the financial records of the organization that anyone might have followed. Unfortunately, even when the

²⁵ <https://www.dropbox.com/s/2bk12avephohggp/Personal%20Profit.jpeg>

²⁶ <https://www.dropbox.com/s/vlpebjvcpxmjfo/Self%20Care.jpeg>

²⁷ <https://www.dropbox.com/s/t85watajlb5uxnt/Mismanagement.pdf>

²⁸ <https://www.dropbox.com/s/mmd0eirz9sn5l99/Ruby%20Corado%20Video.mp4>

²⁹ <https://www.dropbox.com/s/cg3pqv7qldmj9pc/Employee%20Fundraiser%201.pdf>

³⁰ <https://www.dropbox.com/s/c8mx1bedmwnl9xa/Employee%20Fundraiser%202.pdf>

³¹ <https://www.dropbox.com/s/vpifgkn74o8u1n5/Employee%20Fundraiser%203.pdf>

employees reached out to the Board of Directors in April 2022 pleading for assistance,³² the board members' response was not to intervene or to offer help but to resign in panic.³³

When counsel for the Receiver finally started reaching out to them to find out what had happened, one of them claimed to have resigned from the Board of Directors over two years ago – even though he still claimed to be a board member for Casa Ruby, Inc. on social media³⁴ and he had been listed for the past three years on all grant applications submitted to the District of Columbia.³⁵ Another board member repeatedly asked if the call was "part of an investigation" – expressing the desire to simply forward a few e-mails and never be contacted about the matter again. None of them took any significant role assisting the Receiver in discovering what had happened or helping raise funds for those who had been under the organization's charge and care. That burden was left for the rest of the LGBTQ+ community.³⁶

In recent weeks, the Receiver has also learned that the Department of Licensing and Consumer Protection dissolved Casa Ruby, Inc. on September 1, 2022 – revoking its charter for failing to pay applicable taxes/fees and failing to file its annual report.³⁷ However, that action should not affect these proceedings – as the Receiver still has title to and control over the organization's remaining assets much like a trustee in bankruptcy proceedings or an executor in probate proceedings. Those assets would include any potential legal claims against the organization's former officers and directors.

³² <https://www.dropbox.com/s/mmd0eirz9sn5l99/Ruby%20Corado%20Video.mp4>

³³ <https://www.dropbox.com/s/bbpxls7y40lmr9c/Resignation.pdf>

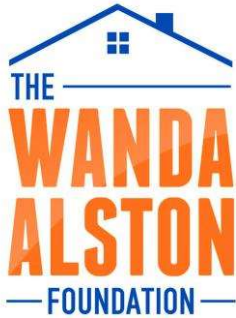
³⁴ <https://www.dropbox.com/s/5gysi0iul8psl2q/Board%20Member.png>

³⁵ <https://www.dropbox.com/s/64ndn19n2le5a3n/OVSJG%20Grant.pdf>

³⁶ <https://www.dropbox.com/s/8ph33fmea7f0flh/Capital%20Pride%20Fundraiser.pdf>

³⁷ <https://www.dropbox.com/s/gpi59gnzaz0szsm/Casa%20Ruby%20Dissolution.pdf>

RESPECTFULLY SUBMITTED BY:



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