

## In the Trenches Insights Into, “What Is Keeping New Yorkers Trapped in Poverty?”

Sometimes, you might come across a situation that is just so plain wrong, is hurting so many innocent New Yorkers, and causing so much unnecessary spending within our local municipal governments that my religious Christian beliefs say that I must not, in good conscience, fail to stand up in opposition to it. This is one of those times for me. I seek to raise awareness plus get the fraud caused issues fixed somehow. Please join me in a badly needed, community service project. Even if you think you are not in a position to help me in my efforts, please allow me to share some of my small business advocacy research with you. Most people find it to be quite eye opening. I am a Buffalo [NY] Partnership for the Public Good partner, [the 501c(3) trade association, Contractor Training Coalition, Inc.] I would like you to introduce your organization and the good that you do in your own community. I invite you to create three, 5-minute digital lessons for an e-learning project I am compiling. I will train you in all the desktop publishing skills needed to create those lesson modules with a theme consistency. You need not purchase anything nor hire anybody with website skills to participate with us. You will help lift people out of poverty. It is a project for arm-chair volunteers, can be done from home, and it will only require a few hours of your time to make a huge difference for the better in people’s lives. People who are getting forced into poverty through no fault of their own, and then getting trapped there, unable to rebuild their shattered lives without some outside intervention.

I am opposed to the Jerry Springer effect in our local governments' code enforcement process. I just can't bear to sit back, do nothing; but continue watching so many hard-working peoples' lives and careers get totally destroyed for no good reason. The goal is to insert a whole lot more diplomacy into our local municipal governments' code enforcement process [via risk managing to quiet this harmful, supply chain glitch]. The behavior going on is flat out wrong. It is so overly expensive in terms of property taxes getting levied, and so unnecessary. It needs to stop. No matter how impossible it might appear to be, on the surface. This issue has become my personal ministry and public safety crusade and I am determined that I will not stop until a badly needed, neutral, multiple-agencies' 3<sup>rd</sup> party advocacy service is operational statewide. My former job teaching accounting and business management classes at Bryant and Stratton College showed me that what I seek to do is entirely possible. I just need to find enough other organizations willing to partner with me and share or pool our resources in order to pull it off. When a community comes together, and restores harmony, great things happen!

### BIGGEST UNDERLYING ISSUE KEEPING PEOPLE TRAPPED IN POVERTY IN NY:

Small businesses who operate in New York State, have now been taxed to their breaking point. And in too many cases, they have been taxed well beyond it.

### SURPRIZE RESEARCH OUTCOME AND CONSULTANT’S GREATEST LESSON LEARNED:

Firms who proactively comply with the statewide building safety codes are a WHOLE lot more profitable than those who do not! When firms comply, it results in fewer taxes!

QUESTION: What department in a firm is the primary, make or break department?  
(If this department isn't functioning properly, the business can't ethically make money)

ANSWER: It's actually the building system services and preventative maintenance department, even if this building and equipment repair function is outsourced to other contractors. If you stay within the engineered design parameters and you take proper care of your buildings and your equipment, it will take care of you. It will lower your overall costs and work for many years longer. If you overlook or neglect your buildings or your equipment, or else you forget about safety, things can get uber expensive; super-fast. How well the accounting or bookkeeping office functions is a close second. However, if you move part of your administrative functions online to "the cloud", you can immediately lower your overall costs.

QUESTION: Who is the person in a business [or a charity] who has the MOST influence over a business' general ability to make money plus a firm's short and long-term operating costs?

(NOTE: this job function may be located anywhere within the supply chain, not necessarily within the business itself.)

ANSWER: It's actually the local municipal governments' code enforcement official. He or she spends all day, every day, working to help businesses solve problems, lower their long-term operating costs, and making sure that they are best positioned to be able to ethically and legally make money. The building and planning departments are one of the greatest reasons for the USA's economic prosperity as well as enabling the USA businesses to generally make a rapid recovery after a disaster occurs.

2<sup>nd</sup> biggest issue forcing people into poverty all across New York State, is what I call, "the Jerry Springer Effect" which is present in far too many local municipal governments' code enforcement process. So, the statewide building safety codes are not getting implemented in the way that they are supposed to be. Which means that each business is now unable to benefit from the boost in overall money available, that comes to the entire community when this critical prosperity process is not sidestepped. Thus, this generalized systems failure for that community, then puts into motion a supply chain glitch that drives up costs sharply for the entire community, but especially regarding the emergency first responder costs borne by government. The more hostilities there are between the code enforcement officials and building or business owners, the worse the problem grows because now fraudsters and con artists can grab a whole lot more power and get away with a whole lot more crimes and money. The amount of fraud going on across this state in some industries is totally out of control. That in turn is keeping our region's taxes a whole lot higher than they need to be!

## THE TRIPLE-EDGED SWORD TOO MANY NY CHARITIES ARE FACING RIGHT NOW:

But it goes a whole lot deeper than that. The charities are dependent upon their business community being healthy enough to make charitable donations. If the business community is NOT that healthy, then the charities can't get as much funding to operate on. Sadly, I hear of ongoing hard times so often, in addition to feeling the squeeze with my own personal bills, and it seems to me that just about all of our small businesses are struggling hard right now to make ends meet. We remain in a persistent recession economy here in New York, it seems, when so many other states economies are seeing improvement. So, there is a huge and ever-growing need for charitable services to help the displaced employees from our growing number of failed firms.

Normally, the charities would be able to make that short-fall up in government grants. But this time, the FIXABLE supply chain glitch from the unchecked amount of fraud scams going on is draining the dollars right out of our communities and skyrocketing our emergency services first responders 'costs, along with our state's ballooning public welfare support costs. So, our government agencies too are getting nailed with higher expenses mixed with lower incoming revenues. Therefore, it's getting harder and harder for a smaller charity to obtain any grant money funding. I see so many little charities in the Buffalo Partnership for the Public Good's events who are in business only because their staff is so driven to keep their charitable mission purpose going that they are volunteering and going without because it is their personal ministry. It's heart-breaking to see. I understand and appreciate their commitment and caring. I do it too.

Lastly, the constant drain on our resources and our available dollars as an entire community, also causes more and more caring people to take up causes and try to drum up donations for their well-deserving causes like youth groups and cancer patients' medical bills. For the local businesses, it creates a frustrating situation. Intuit, the maker of QuickBooks and TurboTax receives over 9,000 requests for charitable donations EVERY DAY. The gas station I worked at received at least 25 requests for a donation every week. The bakery / restaurant I later worked at got 120 requests for a donation each week. When you're trying to make payroll and not sure if you will be able to do so, but you want to be a good neighbor too, it makes it really hard and stressful. Then you get into the business opportunity blocking scenario of if you help one cause out by donating to it, everyone else gets mad that you didn't help their cause out too. You might lose customers if you appear to play favorites. I can't tell you how many times I had a little bit of money that I was thinking about donating somewhere, only I ended up donating nowhere but to my church because I didn't dare donate over this.

It took me a lot of research and time to find a sensible work-around where the small business owners could better support our smaller charities without getting accused of playing favorites and risk losing our customers. FYI, you are encouraged to pitch your cause as often as you want to the social entrepreneurs [potential donors] who will hang out in our community forum once the e-learning course I'm compiling gets deployed.

SO, WHAT CAN SENSIBLY BE DONE TO LOWER TAXES?  
(BASICS BEHIND CASH FLOW IMPROVEMENT INTERVENTION):

The most intriguing research finding from the Students Building America informal student research project which I coordinated for my two masters' theses and then continued to coordinate after I left school, is: When you want to improve a firm's cash flow, the best intervention point, the one with the most potential in it, is hardly ever to be found in the same firm or department where the budget over-run is located. It's found somewhere else in the supply chain. It is a break-down in communication, an un-met training need or two, un-met need(s) for information, or else a failure to cooperate to the extent needed with the other members of your supply chain. That break-down creates a whole different supply chain glitch in and of itself. But that secondary supply chain glitch will be saved for another research report. Moving on. , ,

Sometimes, it is only found out in a regional economy, (the mega supply chain). In this case, the property and sales tax lowering potential, and the smallest firms' fiscal stability intervention point with the MOST promise is the hood cleaning process that restaurants are legally required to do. I know a ton about that equipment service process, the hazards, the benefits and especially, everything that can go wrong with it because my husband and I used to own a hood cleaning (specialty pressure washer contracting business.) Wow was that ever a wild ride, trying to own and run that thing in conformance with his and my own, high integrity standards. We got so tired of our customers and employees always demanding that we clean fraudulently that we finally just gave up and shut it down in 2011. We walked away in disgust to do something else.

I've never, ever in my life experienced anything like that intense pressure to commit wrong-doing which we were subjected to as hood cleaners. I certainly don't ever see it in my Certified QuickBooks ProAdvisor and tax practice now. I never saw it in my employment before that time either. It blew me away when I bumped into this pressure to be a con artist with A-equipment Repairs & The Hood Cleaner, LLC. I'm going to take a couple of minutes to walk you through the cause and effect ramifications of the hood cleaning process. Remember, it is MANDATORY to do this particular building and equipment ongoing maintenance for the restaurants and commercial eating establishments, including churches who serve dinners. But this regulation was not made totally clear until the last revision of the codes, which went into effect 10/1/2017. It was included before that, but you really had to dig and research the laws to uncover it. Big firms like Walmart and Disney World are all over this keen, business empowerment tool and you will probably never find a grease build-up at a Walmart deli. But most small business owners, building owners, and charities have never heard of it before across our state.

## THE STATEWIDE BUILDING CODES ARE YOUR FRIEND WHEN YOU PROFIT COAX:

Most people do not know this, but there is a sweet, extremely powerful, budgetary capacity building tool for local government to use, that's been deliberately embedded right into them! Of course, it greatly helps the business owners and landlords out too:

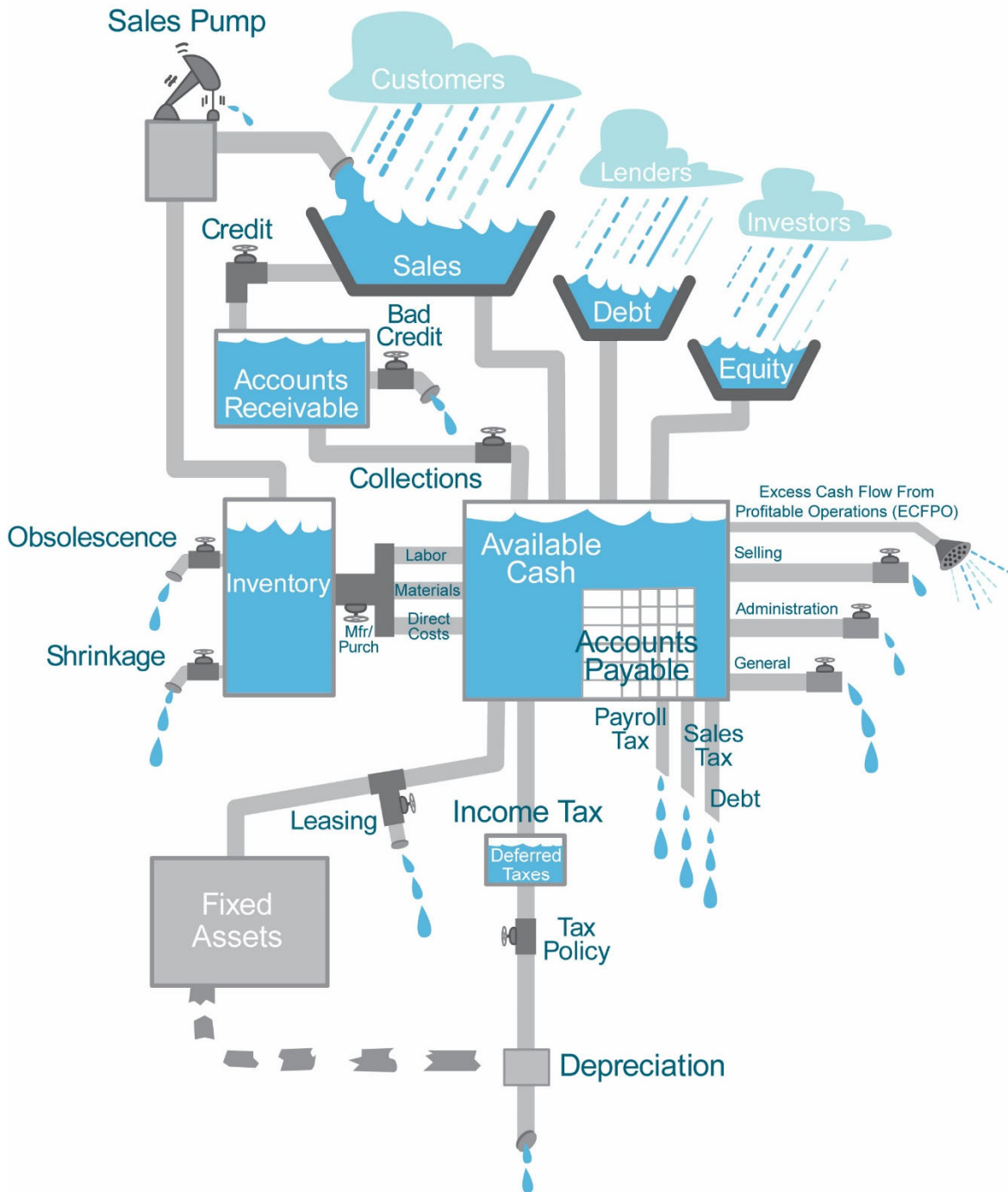
**FACT:** Communities that limit the amount of dangerous grease buildups allowed at their restaurants have much more effective spending power within their budgets than the communities who do not. Hence, the tool for local governments actually got put there inside the codes, effective 2010: You can find bits of it within the 2010 Uniform Fire Codes paragraph 609.4. Plus, in the 2010 Mechanical Code paragraph 506.2.3.5. But way too many people failed to notice, so the current, 2016 codes greatly clarify and strengthen the way that restaurant equipment is to be installed / serviced / inspected. This is a critical life safety process. I was pleased to see the changes in the safety codes made. I advocated for many of them.

## NEARLY HIDDEN BUDGET RAMIFICATIONS FOR YOUR LOCAL GOVERNMENT:

Here on the next page is a pictorial overview of cash flow management in a business. Each one of the water spigot taps represents a place where management has some discretionary control over how much water (cash) droplets will flow through the system right there. But there are also budgetary wild cards at play, so you won't always get the intended budgetary result.

The cash flow diagram, the one for government is similar, except that a government agency's tax revenue cash inflow and also any grant money cash inflow is solely determined by the amount of water or money droplets that will exit the business cash flow system via taxes – property, or income or sales tax.

Grant funding flows down from the largest unit of government, the USA government, to the state governments to the county governments to the rest of the local municipal governments and finally ends up at the local charities. Since it is business that ultimately funds all the taxes and all the resulting grants it becomes a huge problem when too large of a section of the business community gets into failing health. The businesses pay individual workers, who also pay taxes. When a business in a region can't make money, neither can its employees so ultimately, neither can the government if too many of its businesses fall upon hard times and become unable to pay taxes. Boy, does that ever hurt the charities. This is what we are seeing now across our state.



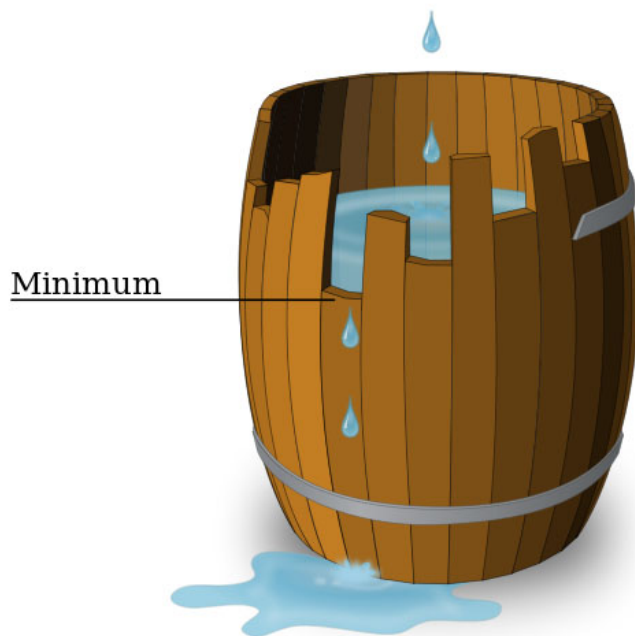
\*Adapted from a cash flow system diagram designed by George M. Dawson, and illustrated by Buck Dawson, 1995.

Source: USA FDIC/SBA's Money Smart for Small Business curriculum, Basics of Cash Flow Management workshop course

## WHAT IS A GUARD RAIL COST?

One of the hardest to predict and most deceiving budgetary wild cards is something called a guard rail cost. If you incur the expense of putting the guard rail cost in place, it will in turn, hold back a whole slew of other costs from entering the firm. But if you should choose not to spend some money to incur that guard rail cost, you are now doomed to have to pay for all the avoidable costs hiding behind the guard rail cost. The hood cleaning process at a restaurant is a supply chain wide guard rail cost. It doesn't just keep avoidable expenses from entering the firm that is making the decisions, but it keeps avoidable costs out of your municipal government's budget. It also prevents a whole lot of fire damage, accidental 3rd party victim costs from hitting any nearby businesses and residences or your community's first responders.

Now, let's look at it another way. Here is a chart of how the budget pinches and dollar flows across the community go due to the cause and effect ripples and/or budgetary wild cards: As you can see, the shortest barrel stave is the weakest link in your community's overall prosperity so that is where the greatest budgetary gains can be made from applying supply chain type interventions. Your building safety department (plan reviewers and code enforcement officials) have the most impact on what it costs a restaurant to service its equipment properly. They can prevent many costs for a business owner just by asking leading questions during their plan review process. And they can save the owner from incurring a lot of big fines or criminal charges via how they inspect the existing restaurants. So that department is the one with the most influence on your final budget. That's your critical barrel stave.



Image= Liebig's Barrel; courtesy of: DooFi - Own work, Public Domain, <https://commons.wikimedia.org/w/index.php?curid=6627159>

## THE WILD CARD THAT EITHER HELPS OR HARMS YOUR BUDGET:

Are there too many variances in place at your local restaurants? Can decisions made at your local restaurants ripple effect out to harm your municipal budget? YES! It matters deeply how and when your local government enforces the state's building safety codes, because the new codes address and place some important risk avoidance management controls on a community wide budgetary wild card. If your local government isn't actively monitoring and managing the public safety risk, it hurts everyone's budgets. Especially your own budget, no matter what type of a firm you have or what industry you operate in.

## HOW IT HURTS A COMMUNITY WHEN HOOD CLEANING IS IMPROPERLY DONE:

While there is no limit to some types of variances that local code enforcement officials, etc. can give out, there are some that you should NOT allow to continue if you want to improve your budget. Sometimes the local municipal government or the CEO allows someone a "variance" by not requiring them to comply, even if they haven't yet gone through the formal variance requesting process. Bad grease fires are 100% preventable! Preventing bad grease fires holds back many other costs too!

The point is, that when too many restaurants in a community are allowed to get away with not properly servicing their kitchen exhaust systems and kitchen fire suppression systems, it can really do a money gobbling number on the municipal budget. There are so many avoidable costs created, not just those from the actual fire. Municipalities can NOT afford to let too many of their restaurants have variances when it comes to the code mandated hood cleaning process and servicing of their fire suppression system(s). This is because when a restaurant is not cleaned or it gets fraudulently cleaned, it then activates a type of budget pry bar affect lever that ends up hurting the entire business community and creates a significant 1-2-3 sucker punch to the municipal budget.

\*\*\* Some complain that there are way too many regulations in the restaurant industry, but for the public well-being, my husband and I believe that there is not enough enforcement of the ones we do have. It is important for code enforcement officials to do due diligence in this industry. But too many don't because of the Jerry Springer effect.

Sucker punch cost over-run wave # 1:

Lost property tax, sales tax, and income tax revenue from the unsafe workplace at the restaurant. Employees are often forced to work in slave labor conditions. Outsource Hood cleaners who service that equipment are often forced to



underbid to such a point that the owner can no longer support his or her family on the business income. So, corners get cut, families end up seeking out public assistance to survive, and more often than not the work gets done fraudulently.

Specific fraud-related hits or dings that both the restaurant's and the local government's budgets takes at this first stage include:

- Grease goes down the floor drain, then it can collapse your sewer pipes or clog them.
- Grease eats the fan belts – gets inside the fan motors, slows the fan motors down, increases the electric bills, the equipment must work harder, destroys the fan motors. When grease can't exit the building, it starts building up inside the building wiring causing shorts or in the wooden components creating flash burn hazards.
- Equipment must run hotter and consume more energy to run – blows your energy conservation goals for local government.
- Unreported fires damage equipment – small fires, even un-reported fires create jobsite hazards. On the job injuries increase often more serious ones.
- Restaurants tend to spend more money on their lawn and snow removal care than they do keeping their equipment properly serviced – proper cleaning is a direct tool in making them more profitable. Owners tend to think that grease removal is NOT necessary. They can't seem to see the public safety danger.
- The negative air pressure pulls in carbon monoxide from heating devices, which affects the brain even if it doesn't cause symptoms.
- One of the common side effects of poor air flow and small levels of carbon monoxide poisoning is low tolerance and easily angered. – also is another cause for domestic violence calls.
- Poorly designed systems or poorly installed systems cause air flow problems. Many systems are designed without a return air system. Works fine in the summer time when the doors are open, but almost 2/3 of the year, when they keep the door closed, there is not enough air coming into the kitchen.
- Rats love grease. The smell of it attracts them. You now might have to pay for rodent control. Usually the restaurant but sometimes public works pays.
- The same people are more likely not to clean air filters in air conditioning systems and that creates airborne pathogens. Ice machines not properly cleaned, get black mold up inside of them that you don't see but which can kill the patrons from bacterial infections.
- People get minorly ill from these misbehaving restaurants on a regular basis and don't even know how they got sick or where it came from.
- Once in a-while, somebody traces it back to an ice machine or air conditioning equipment pathogen, and the business gets shut down over a major lawsuit. But that makes patrons afraid to visit other restaurants too.

- The dirty water gets dumped into your storm drains. Pollutes the water. Causes clean storm water violations for your municipality. Kills the fish in streams. Totally unnecessary.
- Chemical spills in the parking lots from not properly treating / neutralizing the water. If a child jumps into that puddle, he or she now has 3<sup>rd</sup> degree chemical burns and the parents won't even realize that it is a chemical burn.
- Forces the hood cleaners to work for lesser wages. Some of the entrepreneurs may not even be able to earn minimum wage now.
- Causes the contractor issues of finding adequate help. Which in the end, raises the restaurants' costs because of availability and the time window that appointments can be done in.
- You can smell the old grease – it comes back into the stores; everyone can smell it outside. Sometimes you can see the grease running down the roof, turning customers away. Especially those who are more sensitive to the smells. [Your elderly, which in a lot of cases, have the money to spend].
- People working inside the restaurant have become nose blind to it. Turning away some of your best customers. Hurts the tourist industry. The entire hospitality industry in your community may pay the price in terms of lost business because tourists no longer want to come to visit your community.

## Sucker punch cost over-run wave # 2

It is now only a matter of time before that building burns down. This knocks all the restaurant employees out of work, forces them onto unemployment or welfare, further reducing revenues for local government. Plus, the town incurs a huge emergency services personnel and equipment cost to fight the fire, deal with all the new fights and medical problems that will now manifest among the displaced workers' and their families, and incur the demolition costs to knock the building the rest of the way down after the bad grease fire.

QUESTION: Who is liable for a fire in this system?

The hood cleaner?

The restaurant owner?

The engineer?

or the town code enforcement official who didn't enforce the design?

ANSWER: Good question, most likely everyone. Especially in a death or major injury. It usually takes years to litigate this.

Something like this event can wipe out the restaurant's or building owner's life savings, their retirement funds, their ability to reopen. Insurance companies are no longer paying out for preventable fires due to lack of maintenance.

### Sucker punch cost wave over-run # 3

The local municipal government becomes a liable partner in subrogation lawsuits brought by the families of fallen firefighters and the insurance companies for the restaurants. Buffalo had to pay out \$4 million dollars in recent years for two dead firefighters in a fire that my firm could have prevented had the deli owner not been so intent on committing fraud. We were there to give an estimate two weeks before his fire. If we could have cleaned his place per the codes, it would NOT have burned down.

Specific fraud-related hits or dings that the local government's budgets take at this 3rd stage include:

- Unemployment costs, disability costs, fire fighter costs.
- Elimination of a building is lost property and school taxes.
- No different than people suing the town because of collapsed structures, claiming that the municipality let them build it.
- People may say with a lawsuit, I'm sick or I'm out of work because the municipality didn't enforce it.
- Fire fighters' deaths and serious injuries. Their families sue for damages.

### WHAT IS THE JERRY SPRINGER EFFECT IN CODE ENFORCEMENT?

The Jerry Springer effect is a term that I came up with to try to describe what I was seeing in my observations of business owners, misbehaving firms, and from casually studying the local municipal governments for these past 12 years. It absolutely appalls me that there is so much of the Jerry Springer effect currently going on in code enforcement all across the State of New York. And it's steadily growing worse not better. Not the fault of the local governments' Code Enforcement Officials (CEO) however. If you watch a bunch of episodes of the Jerry Springer TV show, or the Steve Wilkos TV show, most of the time, the person doing the most or loudest accusing is actually the guilty party; the one who is doing the bad behavior being complained of. I'm doing this action behind your back, so you must be doing the same naughty thing too.

TERM: "Environmental Justice"

From the 2019 New York State CFA Community Development Block Grant Guidelines:

"Environmental justice means the fair treatment and meaningful involvement of all people regardless of race, color, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. As we transition to a greener economy, it is imperative that no subset of

the population be marginalized or left behind. Applicants should provide any information about how their project actively works to address these issues.”

## THE VALUE OF THE CODE ENFORCEMENT OFFICIAL TO ENVIRONMENTAL JUSTICE:

Most people don't realize this, but customer service and diplomacy in code enforcement is a totally different ball park than it is for regular businesses. Here, you need to change somebody's behavior, and at least 5% of the time you will be dealing with somebody who is engaged in outright criminal behavior, whether or not they realize that what they are choosing to do is a crime. To allow them to continue to do whatever they want to puts the entire community at risk. So, customer service for the code enforcement official quickly turns into, negotiation 101 instead. The negotiations challenge that the CEO faces on a daily basis is, how do I persuade this person to change their behavior, without making them mad at me, without hurting their business opportunity, and without jeopardizing my own job or creating a whole bunch of extra, legal liability risk for my employer? A complication is that the person will naturally tend to resist you, since people don't like change. And they hate it even more when they feel like it is being forced upon them. So, the person may bait you and try to get you to get angry, or else get you to say or do something that will then allow them to transfer all of the blame for decisions which they or their contractors have made. They seek to transfer the blame onto you or onto your employer (the municipality). This is a dilemma problem. But, I know from my own small business owner adventures, and all the crazy wild things that have happened to me in my own life, that with management science, building science, and the utilization of learner assists [something a teacher can do to make it easier for the students to understand] it is totally possible to amicably achieve the desired, multi-faceted outcomes through diplomacy.

In code enforcement, the Jerry Springer effect snowballs, and manifests in 1 of 7 ways:

### Part 1:

The CEO is getting thrown under the bus and their hands tied or even their careers destroyed at the insistence of one or more fraudsters and con artists who are deliberately sacrificing the CEO in order to carry out their intended fraud scam. Sometimes the CEO is deliberately sacrificed by the employer so that relatives and close friends of the mayor, supervisor or a municipal board member can get preferential perks and compliance passes. – You don't have to do this because you are one of the elites whom the rules don't apply to. How come those “special pets” get to decide who lives, who dies, and who goes homeless so that they can keep on getting the bypass fees to which they are accustomed? This behavior is flat out wrong. It needs to stop.

## Part 2:

If you are a reputable contractor who tries to do the right thing, you can get all of your business opportunities destroyed in one fell swoop. We would tell the customer, "You need to fix it". The town says. "No, you don't". Nothing frustrates reputable contractors like we tried to be more than to have their customers manipulate things so they can prove the vendor (me) is lying and cheat us out of money we legitimately earned. We turned misbehaving customers in from time to time. Each time we did, we got severely punished in whistle blower retaliation. The CEO told the customer first thing who it was that "blew them in". The customer then went around to every single restaurant in the area bad mouthing us. We lost all of our customers in the entire town every single time this happened.

I get that people who are accused of wrong doing have the right to know who their accuser is, but does this right mean that the reputable contractor can no longer engage in business operations? There are diplomatic legal and ethical workarounds to this conflict which my charity can provide. That was one of the things hashed out in deriving my charity's operating charter agreement and my many demonstration project proposal scope conversations with the NYS Attorney General's Charities Bureau along with some of my own mentor firms.

## Part 3:

The CEO is getting turned into a hate weapon so a troll can bully, intimidate or outright persecute someone else because of their religious beliefs, their political viewpoint, their being a legal refugee or legal immigrant, or because of their status of a protected discrimination person (age, race, gender identity, disability etc.) The troll then sits back and laughs at all the nightmares which wielding the CEO as a weapon has caused the person or firm whom they intend to destroy. In some cases, the troll is bold enough to go over and vandalize the target's property beforehand then file complaint(s) about the damage. It's an insidious new form of hate crime and its worsening rapidly.

## Part 4:

Also, in a growing number of cases, the misbehaving firm is trapped inside a catch-22, no way to reasonably win here situation. This part has a lot to do with the misbehaving firm actually being collateral damage caused from the CEO not being able to or willing to enforce the codes or else the misbehaving firm is the recent victim of at least one unrelated fraud scam. My community empowerment research concluded that the CEO is the one person in the community who has the MOST influence on a firm's cash flow and ability to earn money. Simply put, all the financial analysis I've done shows that firms who proactively comply with

the codes are a whole lot more profitable than those who do not and the entire community is harmed with money getting sucked out of it when a restaurant is not in compliance with its commercial kitchen exhaust system ongoing servicing.

#### Part 5:

The CEO is thrown under the bus by staffing and funding decisions made by his or her employer and gets outright blocked from being able to enforce the codes in the way it was meant to be done. 10 years ago, my town government was so unreasonable. It only paid its CEO for 15-20 hours per week. But the CEO's duties were a full-time job. The CEO could NOT get paid for any overtime. So, the CEO either worked for free and volunteered the extra time or else the job just didn't get done. I think this was hugely unfair to the CEO as well as to the local businesses who were now put at risk of can't make enough money due to shoddy workmanship and the possible resulting workplace injuries or sweat shops. And the former supervisor and town board at that time seemed to think there was nothing wrong with what they demanded. This failure to properly support the code enforcement process and to have the CEO's back is a huge problem in many, many municipalities statewide. I hear of it during the training day breaks, every time I attend a code conference with the CEOs to keep my own consultant certification intact.

#### Part 6:

Furthermore, there is an out of control, ruthless embezzlement scam going on at the NYS department of taxation that is targeting the smaller businesses. They are forcibly collecting monies on arbitrarily dictated, phantom revenues which the business never even earned or tax levies that were never owed. No matter how many times you pay off your past due taxes bill, it never goes away. They just keep collecting it over and over and over again, and every single time, the bill just keeps on getting bigger. I've personally paid a debt off for two periods that I didn't even have employees 3 different times now for those quarters. I've filed zero-dollar due returns for those 2 periods twice. Yet now they are collecting it again for a 4th time, this time tacking on \$1,000 failure to file fees for each quarter as well. That's destroyed my professional Enrolled Agent license so now I can't renew it to be a tax advocate who represents people with tax woes. That loss of my license hurt my business opportunities. It seems to me that was their goal all along so they can continue the fraud scam.

There is NO way for someone like me or my clients to fight them. In my opinion, their taxpayer advocate office is worthless. It is only a pretense; merely a screen to pretend to advocate but really just furthering the internal tax fraud scheme. There is NO way to stop the endless money grabs that the tax department employees are unlawfully taking from the smaller, most at risk firms.

My client who I've been trying to help stop the insane collections activity for these past 3 years [and failed to get him any relief so far] had a series of filing EIN errors happen during 2002-2004. As a result of those errors, he's been billed at least \$317,466.91. The total tax liability for the 20 years he's been in business was \$115,707.99. He's already paid the tax department \$142,877.95 per their own generated collections paperwork and I've come up with more than \$127,291.45 partial list of cash payments with substantiated evidence documents that I've been able to reconstruct from the taxpayer's records. Yet the New York State tax department is still actively trying to collect over \$165,000 from him in monies not even legally owed to the government. As far as I'm concerned, he has paid his tax obligation in full, but I can't get a judge to agree with me. [I wish I could figure out how to negotiate a solution so he and I can finally both get an end to our respective nightmare ordeals. In the meantime, it's destroyed his business and his life and continues to do so].

Once you get targeted in this ruthless tax fraud scam, it is only a matter of time before your buildings and your equipment will fail an existing building safety or fire inspection because your cash flow runs out and the firm can't pay its bills. Thus, the maintenance needed gets postponed indefinitely. Hopefully, the charities that will partner with my charity to assist a misbehaving firm to come up with an acceptable plan for code compliance can quietly identify the victims in this fraud scam and advocate in their behalf. I estimate that there are thousands of firms getting burned who are never getting the help they need. In my own little tax practice, there's been 6 different client firms victimized. The person in government who is most likely to bump into these at-risk fraud victims is the CEO or the health department inspector. It also means that I need to find legal advocate agencies to partner my charity with to refer these fraud victims to.

#### Part 7:

Taxpayers usually don't differentiate between the levels of government. They don't view it as federal government, state government, local government. They only see a government official from any agency as somebody who is from the vague, "government". So, all of the frustration from the federal government shutdown recently, and the tax department's or education department's ruthless antics is getting transferred over to the poor local code enforcement official who comes to inspect their premises. He or she is the first tangible human face representation of government. And so, they are getting unfairly dumped on. Treated as if the CEO is the one at fault for everything nasty or stupid that any government agency or politician has done and the entrepreneur disagrees with that action or non-action.

## OTHER WORRISOME ISSUES RELATED TO THE JERRY SPRINGER EFFECT:

### URGENT Issue # 1 – The FEMA threat and risk of loss

The USA government agency, FEMA, recently declared that all repairs, renovations and future construction projects must be built in compliance with all the national safety codes as modified by each state's codes council, or nobody in that state is getting a dime of future FEMA funding. Which only makes sense. FEMA has rebuilt some of the same buildings in other states at least six different times now.

So, our statewide public safety and building codes were drastically overhauled and went into effect October 1, 2017. The newest round of statewide public safety codes is coming out in January 2020 or thereabouts. There is one retroactive requirement in the current and pending codes that existing businesses have never had to comply with. Now they do. They must remove the grease buildups from their commercial kitchen exhaust systems (hoods, ducts & exhaust fans) in full compliance with the water pollution and other laws, as well as properly service their appliances and other equipment.

This is a critical life safety area. So, the code enforcement official MUST condemn the entire building and evict all other residential and commercial tenants as well if the offending restaurant or other firm continues to be fraudulently serviced and the hazardous equipment is not repaired or replaced. Non-compliance or variances are NOT an acceptable option here. It kills and harms too many people otherwise and is forcing thousands of innocent collateral damage victims into poverty and then keeping them trapped there.

But all the laws went into place quietly, and nobody thought to inform the business owners about this need to change how they've typically done business in the past. The local governments' code enforcement officials everywhere, especially in rural areas, are having one hell of a time trying to get their local businesses to comply with the updated codes. I hear of their hell every single time I attend a continuing education course with the local code enforcement officials to maintain my consultant certification.

I have made it my personal ministry to do everything I can to raise awareness of the underlying fraud scams, the resulting public safety and health risks and try to bring the community together to get some cooperative steps taken to better manage the level of voluntary code compliance so that we as an entire state, don't run the liability risk and destruction to lives from losing any and all FEMA disaster funding assistance in the future.



## Issue # 2

– All it takes to be a contractor in most rural areas is a DBA name registration

This state is a huge advocate of local municipal government sovereignty. Therefore, each municipality who wants some kind of a professional training and licensure or certification program for all of its construction and equipment service operators, has to develop and manage its own. Local governments' Code Enforcement Departments are traditionally under staffed, over worked and underfunded. Many code enforcement officials have confided to me that they don't feel even remotely qualified to set up such a program, and even if they could, there is no way they can get the manpower needed to oversee it. So, they just don't do this part of their job. Hence, from what I can tell, fewer than 10% of the NY communities have any contractor training and certification or licensure requirements so they also forfeit having any enforceable shoddy workmanship paths of recourse to pursue against misbehaving firms – the contractor or the customer.

With so much lack of routine, consistent, regulatory oversight; fraud and shoddy workmanship at construction job sites and also at restaurants is now the norm. This is killing our state's economy.

## Issue # 3 – Catch-22, no way to reasonably win here dilemma

In way too many situations across New York State, a business in trouble with past due taxes, or unsafe workplace concerns is simply NOT able to comply for some reason, usually because of poor cash flow but sometimes because of the weather, or fraud, or missing job skills, or an uninformed or unreasonable, or rogue code enforcement official etc. Most of them can NOT comply on their own without some kind of outside intervention. This creates a situation of mounting hostilities between the code enforcement official and the struggling, mis-behaving firm in which neither side can reasonably yield. We can fix this standoff by training the entrepreneurs where to find readily available community resources, and alerting them to the underlying fraud scam ramifications plus the value of the building permit process and the cost saving nature of our statewide building safety codes.

#### Issue # 4

- Wasted government & business resources because of all the duplicated local municipal government services

From the Grant Guidelines: training requirement for the micro-enterprise – every single municipality (all 5,000+ of them) who wants to apply for the CDBC grant in behalf of micro-enterprises then has to develop its own grant applications process, review, and training curriculum. WHY?

Why make every single local municipal government make an effort to develop their own entrepreneurial training program, or else go to their nearest university, to have the schools turn around and charge tuition as well as impose a hefty time commitment that most entrepreneurs I know can't commit to? Most of them choose to study between 1 am and 3 am. That's when they can't sleep, worrying about losing their firm, or not making payroll, or going to jail, or going homeless.

#### RECESSION RECOVERY COMPLICATION:

The obvious zero licensing requirements and training solution is to ask the NYS Department of Education to create a new series of professional licenses. But it is a seriously bad idea to go that route because all it will do is to introduce a whole bunch of new compliance costs in the smallest firms that are already broken. I believe it is absolutely imperative that we restore harmony and a spirit of mutual respect and cooperation to our communities and our region. There is a better solution. Let the charitable community step up to handle it. My community service project attempts to unite the whole business community to just that.

#### FINANCIAL IMPACT ON MY HOOD CLEANING FIRM OF THE NO LICENSE MESS:

When we purchased my husband's employer's hood cleaning firm back in 2006, we invested over \$10,000 into achieving a high quality, national hood cleaning certification because we couldn't find an acceptable local program. Only to have most of the CEOs turn around and not accept our certification. That was seriously frustrating. The only certification that meant anything to the various CEOs whose jurisdictions we had customers in was the NYS Code Enforcement Official certification itself.

Expecting each and every local municipal government to come up with its own licensing and fee collection program also has an unexpected ramification for the business owners. Now any contractor who wants to be approved to do work in

multiple jurisdictions, has to go around to every single local government, invest the time to pay all the fees and learn all the differences between towns, and train their staff to adapt to all the confusion assortment and differences in policies. Small businesses save money through standardization. Now they can't.

I estimated that it would take us at least 3 years and \$65,000 in fees and related costs to get approved to do business in the 8 counties we operated in when we owned A-quipment Repairs & The Hood Cleaner, LLC. We only grossed \$24,000 per year. This is one of the other reasons we shut down a profitable and growing hood cleaning business that had so many people wanting to hire us that we'd eliminated our advertising budget. We just told our customers we don't want to do this work anymore and walked away in disgust to do something else back in 2011. It was just too hard to try to be a reputable business owner in this industry. I've been trying ever since to raise awareness of the fraud and fraud-caused issues that prompted us to walk away from our hood cleaning business.

#### RESEARCH BASED, RECOMMENDED SOLUTION I'M PUSHING FOR:

Let the business and building owners have the choice of whether or not the inspector brings a small business advocate to the inspection with him or her. It provides a learning assist to help manage the entrepreneurs' stress by allowing a harmless opportunity for the entrepreneur to manipulate or boss the CEO around in a harmless way, which fosters cooperativeness. But offering the choice has more specific benefits. The Jerry Springer effect in the code enforcement process is so bad in so many places that the CEO really needs a neutral witness able to back him or her up when the inspections are done. Plus, a small business owner is always either negotiating to make a business pain go away, or else is negotiating some aspect of a new sales deal. By bringing a vendor as a small business advocate into the picture, it will generally distract the owner away from trying to shut down the code enforcement process because it hurts his or her business, and will redirect focus their energies upon sales type talk with the vendor. For legal and ethical purposes, the vendor (we call them peer tutors) can't actually close any sales deal within the first 48 hours after the inspection. But they will be trained to say, "If I was going to be giving a bid, this is what I would look at or factor into my bid". Then it hopefully turns into an honest discussion of the underlying business pains preventing compliance. The CEO can complete his or her inspection and leave the advocate there to help figure out a plan or else forward the consortium of charities a new client referral for services or intake evaluation. We as a consortium of charities and workforce development agencies, can then find the unmet training needs and cash flow improvement barriers keeping this firm in trouble, and work to address them.

## DIPLOMACY TECHNIQUES I WISH I COULD TEACH THE CEOs:

There are a handful of learner “assists” that I use all the time with my upside down and struggling hard, small business clients, which the CEO can use to amicably and rapidly gain a defiant entrepreneur's cooperation. Learner assists and management science are my research passion. I'm not allowed to teach a continuing ed course to the CEOs. [A decision made by the NYS Department of State's Building Codes Division a couple of years ago] But I am convinced they could sure use these diplomacy hints to diffuse defiance. But you as a charity might bump into a knee-jerk reaction too in working with entrepreneurs in a catch-22 situation. So here is how to try to talk the entrepreneur or academically struggling student through one if you ever need to.

### What is a knee-jerk reaction?

Consider what happens when the high-pressure safety valve on a hot water tank releases because there is too much steam built up inside the hot water tank. You will get a forceful release of steam that speeds straight upwards with a loud and scary hiss. Once this release of pent up steam starts, there is no way to stop it until the steam and pressure inside the hot water tank reaches a safe level. It's the same way with a knee-jerk reaction, only this one is caused by feeling strong emotions, especially fear; or a build-up of too much stress coupled with exhaustion. You are going to encounter this emotional reaction fairly often in code enforcement, at least at first, before your department can develop a cordial and diplomatic relationship with this establishment or contractor. Be prepared for it.

An angry, knee-jerk reaction is easy to spot. Please, immediately take two physical steps back away from this person. Stay out of their kicking distance range and fist punch arm distance range until their knee-jerk reaction subsides. You can't reason with this person at all during their knee-jerk reaction. They probably don't have the cognitive ability to logically think right now. You can't teach them and you certainly don't have their express permission to enforce the codes against them, which is something that most adults require. You just have to wait, give them a whole bunch of harmless choices (ones in which it doesn't make a difference to you whichever choice option that they choose), and try to talk them through it. Most knee-jerk reactions will subside within the first two minutes. But it can be a very long two minutes for you.

Whenever I identify one, I'm watching the person super closely. I'm trying to figure out which approach to use to attempt to talk them through it. All but four of my clients have done some version of the knee-jerk reaction behavior thing at some point when I've been working on their stuff. But the learner “assists” I'm mentioning here have made a huge difference for the better with them. Try to

remember that It usually isn't that they are mad at you because it is your fault (unless you are using "fighting words" or you really did goof up). You just happen to be the person who was closest in proximity when they hit their stress load breaking point.

## Medical Emergency?

The first thing you need to determine whenever you encounter a knee jerk reaction is whether or not this is an emergency situation. Kitchens with slow carbon monoxide or carbon dioxide leaks can present with angry or irritable staff members. It could be mold or other airborne pathogens problem. Often it is a diabetic emergency. Or it could be an indication of a drug or alcohol addiction or just a person who is going through a really bad divorce or a foreclosure.

Ask, "are you feeling okay?", ask "do you feel ill?"

Offer to move to a place with fresh air. This is an opportunity to give the person a choice and allow the person to "boss the authority figure around" in harmless ways to help them manage their stress level and gain their cooperation. But it may be a genuine hazard that the staff has grown so accustomed to that they do not even realize it is there anymore. We need you to stay healthy. Don't put yourself in danger from an environmental hazard.

After you have established that it is probably not a medical emergency, then try to talk the person through it. You might need to help them do a stress control technique called sensory grounding if they seem to look like they might feel as if they have lost all control of their surroundings. Help them to find five things that they can see, four things they can touch, three things they can hear, two things they can smell and one thing that they can taste. But it always helps to ask them first if they think they might be experiencing an anxiety attack or are just plain stressed out or frustrated. They tend to breathe really fast and look around wildly in an anxiety attack.

You can try to talk them through their knee-jerk reaction with comments such as:

- "Gee, you seem really angry, what is going on?"
- "I get that this is frustrating for you. But I have confidence in your ability to figure out how to address the hazard(s) so you, your employees and your customers don't get hurt."
- "I think this is something you can manage. You seem to be a talented person."
- "Do you want to talk about it for one minute? If you do, I won't judge".  
[caution: You are NOT a counselor, not a close friend, not a small business advisor. They only get one minute to vent before you try to change the topic

to a less personal one that is business success oriented or related to the task at hand if needed.]

- “We want to see your business succeed; it seems like there might be something preventing that?”
- “Please don’t yell at me. I’m trying to understand what has you so upset.”
- “You are hurting my ears. I am right here and I am listening to you.”
- “Take a deep breath. Now please tell me your side of the story. I want to hear it.”
- “Please stop. We can respectfully discuss this as adults.”
- “I am not your enemy.”
- “It sounds like you are having a really bad day.”
- “It seems like things aren’t going so well for you right now, so tell me about something that is going right for you or for your firm.”
- “I’m not with the federal or state government. I’m actually one of your neighbors.”
- “Tell me about something that your firm does really well.”
- “Do you need a moment to regain your composure?”
- “What new products (or services) or menu items are you working on?”
- “This is unacceptable behavior. Please stop.”
- “Would you like to have the taxpayer advocate’s contact information?”
- “Please act professionally around me. I am showing you professional respect; I’d appreciate you doing the same”
- “You can accomplish a whole lot more if you just lower your voice level and respectfully tell me what you want.”
- “There is no reason to swear at me. I am not your enemy.”
- “It sounds like you just gave yourself a learning experience that you don’t like. Moving on. . . .”

But NEVER, ever tell them to “calm down”. That comment is viewed as fighting words too often. Avoid using the word “but”. And do your best not to come across as condescending. People can tell when you are speaking down to them or lying to them, and being insincere.

A couple of insights into knee-jerk reactions.

The person is usually aware that they are behaving badly. And they are often embarrassed about it, but they will never tell you this. So always try to give them a way to “save face” and gracefully get past the situation if you can. Most people will actually apologize to you when they do come out of their knee-jerk reaction. But keep in mind, that a con artist IS ACTING. Trying to get you distracted or angry too, so that they can continue to engage in their fraud scam. He or she who remains calm and assertive has all of the power in any given negotiation situation. Especially against someone who is angry. If they succeed in making you angry, things will blow up in your face. Don’t let them make you respond

angrily or meanly. It will come back to haunt you and could destroy your career if you do. Don't give them any excuse to transfer all of the blame for the code violation to you, to the CEO or to your employer. It is there because at least one poor decision has been made. Don't lie to them. Be specific. Be fair. And don't make any promises that you are not willing and able to keep. Remember that they may be trying to bait you to enable them to make everything all your fault or all your employer's fault. Don't let them succeed at that.

If you want to learn more about this hold people accountable for their choices but smooth things down approach, consider taking a course in assertiveness training. That was one of the most beneficial college courses that I have ever taken.

#### NEEDED MEMORANDUM OF UNDERSTANDING TO IMPLEMENT THE SOLUTION:

Here is the memorandum of understanding that I seek from the state and local municipal governments in order that the business community can come together to create the missing support system for both CEO and the misbehaving businesses. It is needed to bring a whole consortium of diplomatic negotiators, a neutral, 3<sup>rd</sup> party presence in to diffuse the code compliance dispute situations and quiet the Jerry Springer Effect that I am so opposed to.

#### “Memorandum of Understanding.

The ongoing servicing of equipment used in restaurant food production, and the servicing of the commercial kitchen exhaust systems are a critical life safety function. People die, people get sick from airborne pathogens or from carbon monoxide poisoning, workers and patrons get injured, and preventable bad grease fires happen putting more stress and costs upon the community's emergency first responders' system when the preventative maintenance is not properly done in this area. Hence, non-compliance or obtaining a permanent variance from properly completing this ongoing maintenance process area is not a viable option. However, an existing business that has not been accustomed to ensuring that the service maintenance is properly done on its buildings and on its equipment, may not be physically able to come into immediate public safety codes compliance due to weather or other factors.

In these cases, the code enforcement official is authorized to extend a mercy period of time of up to 120 days for the establishment to come up with and submit an acceptable plan for codes compliance in lieu of completing the needed compliance itself. A number of workforce development agencies,

charitable organizations, and professional trade associations of reputable contractors and manufacturers have come together to jointly provide a neutral, 3rd party small business codes compliance and taxpayer advocate service to help firms develop an acceptable plan for codes compliance. In connection with that community empowerment demonstration project [created solely to bring greater diplomacy to the code enforcement process], it is noted that:

- a.) It shall NOT be considered to be an ethics violation for the code enforcement official if he or she is accompanied by a peer tutor who has been trained by and is taking part in that multiple agencies' demonstration project when performing inspections of existing businesses.
- b.) It shall NOT be considered to be justifiable support to revoke a charitable organization's 501c(3) status because of it deviating from its stated charitable mission purpose and scope, based solely upon its decision to participate as one of the service provider organizations or to submit English Language Learners educational outreach lesson modules within that demonstration project.”

#### VISION AND REASON WHY MY CHARITY WAS SET UP THE WAY IT IS:

Ideally, I hope to bring together the entire non-profit community to offer a collaborative, statewide, sensible solution to the at-risk, New Yorker firms who are in trouble. My charity is 100% a neutral, vendor sourcing and new clients leads generation and referral forwarding service. But we must have a consortium of many charities in the middle before the safety allies can legally and ethically get involved here. (Safety allies are the reputable contractors and concerned entrepreneurs who want to have social entrepreneurship where they can address a social purpose while they make their money. They are willing, well-funded, and ready to help, but the local governments across New York state are not generally allowed to forward any new client referrals to them, and the privacy laws mean they also can't find the firms in trouble to reach out with hope and healing to them otherwise, absent my charity's demonstration project) My charity provides the legal framework required to work around all of the regulatory and ethical dead ends that prevent business owners from cooperating with government in too many instances. It took me over 10 years to negotiate permission to coordinate my demonstration diplomacy improvement project with many different government agencies. Now that all the intervention technique testing is done, it's ready to roll out.



I hope to assemble 3 teams of mentor firm or freelance peer tutor organizations (target goal is 5,000 paid peer tutors or volunteer peer tutors per team) whom I can forward the new client referrals obtained from the local municipal governments' code enforcement officials and health department inspectors.

- a.) A team of charities able to become market research guinea pigs (help entrepreneurs to polish their sales pitches and promotional skills, plus practice their hiring and management skills). I also need adult literacy volunteers to listen to the clients read the participant workbooks out loud. It's the only way to identify someone who can't read. The firms in trouble tend to follow the Job Corps intake literacy statistics. 48% of them cannot read English at the 6<sup>th</sup> grade level when they first arrive. 19% of them cannot read English at all. Most of them have some form of math or computer phobia as well. Hopefully this team will include at least 3 universities willing to issue an official certificate of completion to the learners who complete the Money Smart curriculum and read all of the participant workshop booklets out loud to adult literacy volunteers.
- b.) A team of bookkeeping and office management professionals whom I can train in the cash flow improvement and code compliance intervention that I do in Heal Thy Biz Online. They will become virtual assistants and help the firms to develop acceptable plans for code compliance, as well as OSHA compliant workforce safety training programs. (Using the desktop publishing skills, I hope to teach your staff members.)
- c.) A team of reputable contractors and people pursuing a professional certification in a building or equipment service trade that I can send out with the code enforcement officials to accompany them on their existing business building inspections.

## ABOUT ME:

Rolaine Stoddard, owner of Heal Thy Biz Online. A freelance, home-based, management consulting firm, and a Certified QuickBooks ProAdvisor firm. Founder and executive director of the 501c(3) trade association, Contractor Training Coalition, Inc.

# of employees including the owner in both firms = 1 - Rolaine

Current, Economic status of owner = lower income, disabled with advanced arthritis

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