

The New York Times<https://nyti.ms/1HC3knA>

A Choice for Recovering Addicts: Relapse or Homelessness

By KIM BARKER MAY 30, 2015

After a lifetime of abusing drugs, Horace Bush decided at age 62 that getting clean had become a matter of life or death. So Mr. Bush, a homeless man who still tucked in his T-shirts and ironed his jeans, moved to a flophouse in Brooklyn that was supposed to help people like him, cramming into a bedroom the size of a parking space with three other men.

Mr. Bush signed up for a drug-treatment program and emerged nine months later determined to stay sober. But the man who ran the house, Yury Baumbilit, a longtime hustler and two-time felon, had other ideas.

Mr. Baumbilit got kickbacks on the Medicaid fees paid to the outpatient treatment programs that he forced all his tenants to attend, residents and former employees said. So he gave Mr. Bush a choice: If he wanted to stay, he would have to relapse and enroll in another program. Otherwise, his bed would be given away.

“Do what you do’ — that’s what he told me,” Mr. Bush recalled.

Mr. Bush, rail-thin with sad eyes, wanted to avoid the streets and homeless shelters at all costs. He turned to his self-medication of choice: beer, with a chaser of heroin and crack cocaine. Then he enrolled in a new program chosen by Mr. Baumbilit.

In the past two and a half years, Mr. Bush has gone through four programs, just to hold onto his upper bunk bed.

Mr. Bush had fallen into a housing netherworld in New York City, joining thousands of other single men and women recovering from addiction or with nowhere to go. The homes are known as “three-quarter” houses, because they are seen as somewhere between regulated halfway houses and actual homes.

Virtually unnoticed and effectively unregulated, the homes have multiplied over the past decade, driven by a push to reduce shelter rolls, a lack of affordable housing and unscrupulous operators.

One government official estimated recently that there could be 600 three-quarter houses in Brooklyn alone. But precise numbers are elusive. The houses open and close all the time, dotting poor neighborhoods mostly in the Bronx, Brooklyn and Queens.

The homes, often decrepit and infested with vermin, overflow with bunk beds and people. Exits are blocked and fire escapes nonexistent. The homes are considered illegal because they violate building codes on overcrowding. Many have become drug dens, where people seem almost as likely to die of overdoses as they are to move on to a home of their own.

Opportunistic businessmen like Mr. Baumbly have rushed to open new homes, turning them into vehicles for fleecing the government, an investigation by The New York Times found. The target is easy: vulnerable residents whose rents and treatments are paid for with taxpayer money.

Yet three-quarter homes are tolerated and even tacitly encouraged, pointing to a systemic failure by government agencies and institutions responsible for helping addicts and the poor.

Reputable hospitals, treatment programs and shelters regularly send people to the homes. So does the state’s Department of Corrections and Community Supervision. The city’s Human Resources Administration pays operators the \$215 monthly rent, known as a “shelter allowance,” for many tenants. The state’s Office of Alcoholism and Substance Abuse Services hands out millions in Medicaid money for their treatment.

But for years none have paid attention to what happens inside. There are no regular inspections. No requirements. No registry. The city's Department of Buildings, overwhelmed and ineffectual, often fines the landlords, but the city does little to collect.

The system, such as it is, dooms tenants to a perpetual cycle of treatment and relapse, of shuttling between programs and three-quarter houses.

"The city knows it's happening," said Paulette Soltani, who works at the Three-Quarter House Tenant Organizing Project, which advocates better housing conditions. "The city is sending people to these homes, but the city is not regulating these homes."

Over the past six months, The Times pieced together information about Mr. Baumblyt's operation through interviews with more than 85 current and former tenants, a review of thousands of pages of court and medical records and a database of housing payments from the city's Human Resources Administration.

Steven Banks, commissioner of the Human Resources Administration, said on Friday that his agency had recently started investigating several three-quarter-home operators, including Mr. Baumblyt's company.

"Unfortunately the state rental allowance for a single adult is \$215," Mr. Banks said. "And given the dynamics of the housing market in New York City, there are landlords that victimize our clients because all they can afford to pay is the shelter allowance."

Mr. Baumblyt's company, the Back on Track Group, is not the biggest in the three-quarter housing world. But the paper trail on him offers a detailed look at how such a business works and how little scrutiny it gets. Among advocates and tenants, Mr. Baumblyt has acquired a reputation as a particularly brutal operator.

He and his employees at Back on Track declined to comment. But Matthew S. Aboulafia, a lawyer for Mr. Baumblyt, said on Wednesday in written responses to questions from The Times that Back on Track provided a service, and had not

acted illegally. Mr. Aboulafia also said that the company did not receive kickbacks from treatment providers and denied that any residents were told to relapse.

Mr. Bush was one of about 120 people who lived at any one time in Mr. Baumblit's biggest operation, a row of six identical beige houses on New Lots Avenue in East New York, Brooklyn. Like Mr. Bush, some were addicts. Others were simply homeless, people who did not need treatment but who wanted to avoid the shelter system. Some had serious mental illnesses.

Birshon Daley, 34, who has paranoid schizophrenia, moved onto New Lots more than three years ago. Fond of wearing an orange lei and blasting Spanish lessons on a boombox, he appeared to hear voices and responded to questions not asked. He spoke in non sequiturs, such as: "I have a dysfunctional friend. I'm good at math."

Mr. Daley was one of 10 people in his apartment. He slept in a bottom bunk, on a grimy mattress with no sheets, in a room so run-down that the doorknob was a dirty sock tied through a gaping hole. At Mr. Baumblit's request, Mr. Daley said, he made a house manager responsible for administering his disability check. Mr. Baumblit took the money for rent and then gave Mr. Daley an allowance.

"Five dollars a day," Mr. Daley explained. "After cleaning the yard, taking out the trash."

Mr. Baumblit, 64, a bald fire hydrant of a man who sports a yellow windbreaker and a blue baseball cap, even in winter, evicted tenants on a whim, they said. He threatened others if they fiddled with the thermostat, if they used the gas burners for heat, if they did not do their chores or obey the rules. At one house, he forced a recovering crack addict to sleep on the hardwood floor for months, and removed the couches as punishment. At another, he head-butted a man.

But residents had little recourse. Mr. Baumblit was more than their landlord. He was their overseer, their guardian. He determined whether they had a home.

The Landlord

In 1981, Mr. Baumblyt left Russia for Brighton Beach, a Russian enclave in Brooklyn.

He opened a deli there but was sued by his partner, who wanted to dissolve the business and accused Mr. Baumblyt of forging her signature on checks and slapping her. An import business he invested in barred him from entering its offices for what the company's lawyer described as an "unprofessional demeanor."

An avid gambler, Mr. Baumblyt at one point went on a spree in Atlantic City, cashing \$880,000 in bad checks at five casinos, according to court records. He was ordered to pay the money back, but it was unclear how much progress, if any, he had made.

Mr. Baumblyt went on "disability retirement" in 2000, according to a doctor's note in a court filing five years later. (Mr. Aboulafia said on Wednesday that his client, who had a heart attack in 2002, had not gone on federal disability until 2012.)

Behind the scenes, though, Mr. Baumblyt began running medical clinics with his wife, Rimma.

In late 2005, the state accused the Baumblits of being the masterminds in a plot to use their clinics to defraud insurance companies with fake injury claims. Eliot Spitzer, then the state attorney general, said the couple would be "prosecuted to the fullest extent of the law."

Though facing up to 25 years in prison, the Baumblits embarked on a new business, one in which they did not have to deal with government regulators.

Three-quarter houses, also called sober or transitional homes, are a product of the murky world of outpatient substance abuse treatment for the poor. Their numbers have grown in the past decade, as the administration of Mayor Michael R. Bloomberg pushed to reduce shelter rolls and the economy sank.

The homes promise a better future, with aspirational names like Freedom House and Miracle House. But sex offenders live in some three-quarter homes. Fires have damaged others. In May 2014, parole officers sent a mentally ill man to

a three-quarter house run by a group called MCM Faith. Nine days later, in a crime that attracted widespread attention, he fatally stabbed a boy and injured a girl in an elevator of a Brooklyn housing project, the police said.

No one knows exactly how many of these homes exist today. Robert Kent, chief counsel for the state substance abuse services agency, mentioned a colleague's estimate that there might be 600 in Brooklyn, while testifying in a case involving three-quarter homes in December. Mr. Banks, of the Human Resources Administration, said that the figure seemed high but that the homes are difficult to track because "they pop up and go away."

The troubled people who wind up in the homes have few options. Many see the city's shelter system as even more dangerous. Single people on public assistance have received the same housing allowance since 1988, \$215 a month, not enough for much of anything in a city where the median monthly rent is more than \$1,200.

In 2007, companies controlled by the Baumblits rented out three houses on Miller Avenue in East New York, marking the couple's start in the business. People on public assistance were charged only their housing assistance checks. But anyone on disability — and, increasingly, Mr. Baumblit sought out such tenants — paid a total of \$300 a month.

Mr. Baumblit then made deals with treatment providers and required his tenants to go where he told them, according to tenants and former employees. By law, people are supposed to be able to choose their own provider.

A few people in Back on Track did not have to attend a group, tenants said, but they had to pay more in rent — \$450 a month.

After pleading guilty to two felonies in the insurance-fraud scheme, Mr. Baumblit was sent to jail for three months in September 2009. His wife pleaded guilty to one felony and served nine days in jail.

Soon, the couple's three-quarter homes began drawing complaints. In December 2010, MFY Legal Services, a nonprofit that has represented three-

quarter-house tenants, filed a class-action lawsuit that is still continuing.

But Mr. Baublitz bulldozed through such problems.

A week after the lawsuit was filed, the Baublitzs formed a new company, Steps to Better Living, which ran the homes for more than a year. Soon after a fire at a Steps to Better Living home in Queens in April 2012, the Baublitzs formed the Back on Track Group.

The Addict

In November 2012, Mr. Bush landed at New Lots, just off the end of the No. 3 subway line in Brooklyn, in one of the city's most violent neighborhoods.

His road to Back on Track was not unusual. Mr. Bush grew up in an abusive home in the Bronx, the son of an alcoholic former Marine and the woman he beat. At 6 or 7, he started drinking alcohol. At 15, he started using cocaine and heroin. At 26, he first tried to quit. At 55, he saw his first psychiatrist.

"Mr. Bush is friendly with melancholy disposition," an evaluation report from one inpatient center said, noting he had depression. "His persona is grieving."

Mr. Bush, a former construction worker and handyman, said he learned about Back on Track at Mount Sinai Beth Israel's inpatient rehabilitation program. A Back on Track staff member made a presentation for patients "and asked if anybody cared to go to this place," he recalled.

Soon after, Mr. Bush moved into the lower apartment at 698 New Lots Avenue. He brought with him a few bags and a talisman, a tiny red stuffed bear that came with a Russell Stover chocolate box, which he had bought for himself one Valentine's Day to celebrate more than a year of sobriety. The bear, dubbed Russell, was a reminder to Mr. Bush of when he was doing well. He liked to talk over his problems with Russell, because Russell didn't talk back.

Back on Track worked hard to snag men like Mr. Bush. Over the years, the company's staff members visited inpatient programs, rehabilitation centers and

hospitals, promoting Back on Track as the next step in recovery. They said they would help addicts with housing, treatment and job placement.

Tenants said that reputable places had referred them: inpatient programs like Arms Acres in Carmel, N.Y., and Samaritan Village in New York; nonprofit advocacy groups like the Fortune Society; hospitals like Mount Sinai St. Luke's. Six tenants said they were sent by the Bowery Residents' Committee, a nonprofit that helps homeless people in Manhattan. Six others were sent by Narco Freedom, the largest Medicaid outpatient substance-abuse-treatment provider in the city.

One man said he was one of 30 picked up from a Salvation Army in Newark by Mr. Baumblit's employees in two vans.

It is not clear how much the referring organizations knew about Back on Track's business model. Officials said in interviews that they recommended three-quarter houses because there was nowhere else.

"Three-quarter houses are, in my opinion, the frying pan for people who are in the fire," said JoAnne Page, president of the Fortune Society, which helps people coming out of prison. "Many of them are firetraps, many are very dangerous and many are brutally exploitive. They crowd people beyond anything they could justify. But they are better than what else is out there, so we use them reluctantly."

Back on Track gave residents letters to hand to the city's Human Resources Administration, listing the address where the city could send the rent and a photograph of a country estate with a manicured lawn and a stately porch.

In reality, bunk beds with dirty, cigarette-scarred mattresses blocked windows. Mold stained the ceiling of a bathroom at New Lots. Bureaus were missing drawers. Some homes had broken sinks, holes in the wall and other problems requiring tenants to be creative: A clothes hanger could flush a toilet.

One resident at another Back on Track house caught two mice with the same trap at the same time, naming them Mickey and Minnie. Others made videos of bed bugs crawling on walls and beds.

Each of the six houses at New Lots had two apartments with three bedrooms. The two larger bedrooms each slept four people; two others shared a bunk bed in the tiniest room, which had no window. Two apartments housed women.

“No standing in front of facility,” warned a rule sheet in each apartment. “No Hanging out in front of the beauty Salon. No Hanging out in front or near Gas Station. You will be discharged if caught near these locations.”

The tenants rarely complained, not if they wanted to stay. The homes were revolving doors of people kicked out in the middle of the night or early morning. “Sheets, pillow, blanket,” Mr. Baumblit would tell a house manager, a recovering addict paid \$75 a week. That was the signal to strip the bed and pack up a person’s belongings in garbage bags.

Mr. Aboulafia said residents were not allowed to touch the thermostats because they would “likely break from constant changes.” He argued that the owners of the buildings were responsible for making sure they met code — not Back on Track, which rents the buildings. Back on Track’s lawyers have said in housing court that the company had the authority to evict residents for any reason, at any time, but judges have rejected that argument.

Mr. Bush did not want to return to the shelter system, where he had been beaten and robbed. He did not want to move in with his sister, who lived down South.

So he did what he was told. Mr. Bush made his sliver of his room his home, setting up a computer out of parts scavenged from the garbage. There, he wrote his thoughts in a file called “My Daily Writings.” Russell the bear was perched above.

Mr. Baumblit first sent Mr. Bush to an outpatient program called New York Service Network. Within five months, he was given a letter that said he was doing well, with “consistent negative toxicology results.” Medicaid paid out almost \$13,000 for Mr. Bush to attend the program an average of four times a week, records show.

Joseph LaBarbera, New York Service Network's lawyer, denied that the program paid Mr. Baumblyt money for clients. A ProPublica article from 2013 about the treatment program raised similar allegations.

No one at Back on Track helped Mr. Bush with permanent housing, and by the time he was supposed to graduate from New York Service Network in August 2013, he had no place to go.

'Go to Group'

Around 4:30 a.m. on weekdays, Mr. Baumblyt usually left his five-bedroom house a block from Brighton Beach, and headed for New Lots in a leased black Mercedes sedan that retails for nearly \$100,000.

With his right-hand man, Edwin Elie, Mr. Baumblyt checked to see if tenants had submitted slips proving they had attended their addiction treatment support groups the previous day. He ordered a house manager to wake those who had not. "Go to group," Mr. Baumblyt told them.

"The slips is how he proves people went to group," said a former house manager, who spoke on the condition of anonymity because he feared retaliation. "In passing, he mentioned, 'If I don't get my slips, I don't get paid.'"

The former house manager's assertion was backed up by other former employees and tenants.

Group was everything. Tenants still recovering from surgery had to go. Even non-addicts had to go to group or pay extra. Some said they were told to drink a couple beers on their way to a new program so they would test positive for alcohol.

A dozen sober residents of New Lots told The Times they were still forced to go to group, including a minister who had lost his apartment in a flood; a chef who was unable to keep his job because he had to go to group almost daily; and a dishwasher who said he was sent to Back on Track after complaining about the conditions at his homeless shelter.

“I don’t need those groups, not at all,” said the chef, Portland Ramseur, 52, who last used crack cocaine eight years ago and went to Back on Track after his company failed and he lost his apartment. “It’s a waste of my time. It’s stopping me from getting on my feet.”

Once tenants finished their treatment program, most were evicted. But a dozen tenants said they had been told, by Mr. Baumblit or Mr. Elie, to relapse. They were the recyclables, constantly shuttling through programs.

“Either Mr. Ed will come and tell you or Mr. Yury will come and tell you, ‘You know that your time is almost up, and we’ll have to move you out, or put you someplace else. And to get someplace else, you have to have a relapse, maybe even go into detox,’” Mr. Bush recalled. “And then they’ll put you back into a program, and they’ll get your Medicaid authorization back up. And they work on you from there. And you just keep going around and around.”

In August 2013, after Mr. Bush relapsed to keep his bed the first time, Mr. Baumblit sent him to Narco Freedom.

Several months later, Mr. Bush was sent to Canarsie Aware, a small nonprofit. Then, in April 2014, Mr. Bush enrolled in NRI Group, a slightly larger for-profit program in Midtown Manhattan.

Even though the programs had different names, the same cluster of people controlled them, according to court records. Medicaid paid a total of almost \$20,000 for Mr. Bush’s treatment at the three programs, records show.

Officials from NRI and Narco Freedom, which has since changed management, did not return calls asking for comment on their relationships with Back on Track. Patricia Charles, the program director of Canarsie Aware, said she did not know of any arrangement. She referred questions to Anthony Cornachio, the executive director of Canarsie Aware and an owner of NRI, who did not return repeated calls.

For all these programs, the goal was volume, because Medicaid did not pay much. The hourlong sessions were available for up to 12 hours a day, even on

Christmas and Thanksgiving.

At NRI, groups were so important that if an English-language group was full, clients who only spoke English could go to a Spanish-language one.

Another tenant, who worked as a house manager for Mr. Baumblyt and spoke on condition of anonymity because he was afraid of retribution, said he had also been told to relapse. Like Mr. Bush, he had attended four programs. But this man said Mr. Baumblyt had given him \$20.

“He’d give you money and say, ‘Do what you do,’” the man said.

Some residents said they pretended to relapse to get into a new program.

Modesto Cotto, 47, graduated from Canarsie Aware on Aug. 21. Two weeks later, Mr. Cotto signed up at NRI, lying to intake workers about relapsing because he wanted to keep a roof over his head. “I wasn’t giving up my sobriety,” he said.

Even just a small bender was a psychological blow for tenants struggling to keep their new sobriety in the face of temptations that had always won out in the past.

“Oh, my demons — I fight and I fight and I fight and I lose,” Mr. Bush said. “And Mr. Yury takes advantage of it. This whole three-quarter system does. It’s made for us to fail.”

The Officials

In October 2011, a caller asked the city’s Department of Buildings to inspect the “illegal living spaces” at one of Mr. Baumblyt’s houses for women in Queens.

Five weeks later, an inspector knocked on the door but a woman refused to let him inside. After another failed try, the complaint was closed. In April 2012, a fire gutted the basement. Only then was the house shut down.

New York’s safety net for the poor relies on three-quarter homes to solve a problem: They take in the people no one else wants. Yet, essentially, nobody

regulates these homes.

The city's Human Resources Administration paid Back on Track \$148,000 in housing assistance in 2014. But it does not usually examine landlords' backgrounds. It often mails checks to anonymous limited-liability companies at post office boxes.

As a way to identify operators of three-quarter homes, Mr. Banks said the agency had in the last year begun looking at places that housed more than 10 people on public assistance. But so far, despite opening several investigations, the department has not taken action against anyone.

The state Office of Alcoholism and Substance Abuse Services regulates supportive housing for people in treatment. But it does not approve three-quarter houses, because they do not provide any services.

"These houses are not something that we regulate or certify," Mr. Kent, the chief counsel for the agency, said in an interview on Thursday. "And they are pretty strict and restrictive on letting people in who don't live there."

Parole officers often visit parolees at three-quarter homes, overlooking the fact that most tenants have rap sheets and that parolees are not supposed to knowingly be around anyone with a criminal record. A spokeswoman for the corrections department said "all parolee residencies are closely monitored by parole officers."

The main people responsible for checking conditions at the homes are inspectors from the city's Department of Buildings and Department of Housing Preservation and Development, agencies inundated with complaints.

But even when inspectors do get inside and find problems, little changes. Buildings Department inspectors have fined the owner of the six New Lots buildings more than \$145,000 since August 2010. Eighteen of those 22 violations were considered "immediately hazardous," for overcrowding and failure to have proper exits.

Nothing was paid. Nothing was done.

The housing preservation department, responsible for investigating renters' complaints, is similarly impotent. Of 28 complaints in the past year, only three led to violations being issued. But tenants photographed many of the problems, including peeling plaster, a ceiling leak and a bad bathtub faucet.

At a City Council hearing in 2009, the chief of fire prevention for the Fire Department called for a list of three-quarter homes to help firefighters know if a home was overcrowded or had blocked exits.

Still, no list exists.

In 2009, Bill de Blasio, then chairman of the Council's general welfare committee, pushed for guidelines to prevent shelters from referring people to three-quarter homes with building violations. The measure passed the following year.

But as the city's housing crisis has worsened, shelters have continued to send people to Back on Track.

Four men said that the same case manager at Willow Men's Shelter in the Bronx, Abdul Bangura, referred them to Back on Track, which sent them to New Lots.

"He told me they were going to send me to a place that was better for me, because the shelter was very violent," said Jose Perez, 48, who went to Back on Track in November, just after a bicycle accident landed him in the hospital.

Mr. Bangura did not respond to requests for comment. A spokeswoman for the city's Department of Homeless Services, which oversees shelters, said they did not refer people to three-quarter houses. She described Back on Track as a "rehab and drug treatment program."

With little supervision, many three-quarter homes have devolved into havens for drug use.

In 2014, the police responded 159 times to the stretch of houses on New Lots — mainly because of disputes and people who needed medical aid, often because

of drugs.

Residents traded prescription pills and sold their methadone. At least two house managers at New Lots used heroin while living there, tenants said. One former house manager said that he continued to smoke marijuana daily while working for Mr. Baumblit.

Overdoses were not uncommon.

Michael Seaman, 42, was on methadone but otherwise clean for eight months when he moved in July to a Back on Track home in Bedford-Stuyvesant, Brooklyn. Within two days, Mr. Seaman started using drugs.

“My brother said you could get more drugs in there than on the street,” his sister Janice Ortiz said.

On Nov. 14, Mr. Seaman overdosed, likely from a combination of Xanax and methadone. Roommates found him in the morning, cold and motionless in his bottom bunk.

“No one even showed up from Yury’s office,” said Ramon Ruiz, a housemate.

7 “It was like Michael never existed. I had to verify and identify the body. I had to
ARTICLE 90 § 170(2)(b) verify the family.”

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Mr. Aboulafia, Mr. Baumblit’s lawyer, said Back on Track’s secretary “notified the family as soon as possible.”

Mr. Seaman’s relatives from Staten Island said they never heard from Back on Track and waited six hours before they were allowed into the house to collect his belongings. For more than two weeks, his mattress was left as it was, along with his striped sheets and blanket with tigers and a jungle scene. And then, the mattress was given to someone else.

The Cash Machines

If Mr. Baumblit’s tenants were all potential moneymakers, those with serious problems represented the easiest money of all: They often didn’t understand how

they were being used.

Some had mental illnesses like schizophrenia or bipolar disorder. At least two were developmentally disabled. One had severe hemophilia. One resident was described on a mental capacity assessment for federal disability as having “psychotic symptoms, very low frustration tolerance and tendency towards violence.” A few others used canes and walkers.

Birshon Daley, 34, who has paranoid schizophrenia, lived in the house next to Mr. Bush. Mr. Daley had an unkempt beard and a large bump on his forehead that he said was from when his great-grandmother threw a can at him. He wandered the neighborhood collecting cigarette butts to smoke, asking people for money and occasionally eating food from the garbage. At one point, Mr. Daley punched out the glass at a bus stop.

Mr. Daley said he used to live at his aunt’s house nearby, but landed in a shelter when his father left Brooklyn and his grandfather died. About three years ago, he said, that shelter “sent me to this program here.” Mr. Daley and his housemates all said that he did not use illicit drugs.

He said his federal disability check was about \$645 a month. The federal government had deemed him incapable of managing it, so he needed a “payee” who would receive his check and make sure his needs were met. Mr. Daley said that Mr. Baumblit asked him to designate the house manager, Lisa Short, as the payee. In return, Mr. Baumblit gave him \$5 a day to live on, Mr. Daley and two housemates said.

Another housemate, John McLeod, 58, was given the job of administering Mr. Daley’s medications — an anti-psychotic, a mood stabilizer and a blood pressure pill — stored in a plastic shopping bag with “Daily” scrawled on it. Mr. McLeod, who had no medical training and no idea what pills he was handing out, sometimes hit Mr. Daley or threw spoons at him, housemates said. Efforts to reach Mr. McLeod were unsuccessful; there are no phone numbers or current addresses available for him.

Julian Caraballo, 55, said that he, too, made Ms. Short the payee of his disability check, which was for \$762 a month. He said Mr. Baumblit handed him his daily allowance.

“He gave me \$10 every day, for eat,” Mr. Caraballo said.

Mr. Aboulafia said residents who picked Ms. Short did so on their own. He said that if people received only \$5 or \$10 a day, it was because the rest of the check was deducted “for participating in Back on Track’s program.” Ms. Short could not be reached for comment at several phone numbers listed for her and her relatives, nor did she respond to a certified letter mailed to Back on Track.

Mr. Baumblit also steered tenants who were not on disability to a psychiatrist and lawyer who could get them qualified, tenants said. One tenant still had the psychiatrist’s card. Another had directions to her office in Gravesend, Brooklyn, provided by Back on Track. The lawyer’s office was next to a Social Security Administration branch in Staten Island.

Mr. Aboulafia said some tenants at Back on Track “asked for help with qualifying for disability so we provided them with some names of people that we thought could help.”

In the fall, Mr. Baumblit added another requirement for tenants at New Lots. They had to go to a new doctor’s office: a storefront at 887B East New York Avenue, bearing the name of a family doctor, Kevin Custis.

On an afternoon in January, patients in a crowded waiting room said they came for free pizza — and because they were paid \$20 in cash, an illegal incentive. One man said he was a “recruiter” who drove a van around to find patients from shelters, churches and welfare offices, “where there are people who have Medicaid and don’t have money.”

Seventeen New Lots tenants said they were driven to the clinic in a Back on Track van and forced to undergo three or four hours of testing to get a bed. They said they were given ultrasounds and sent to one doctor after another.

Mr. Perez went to the clinic on Nov. 6, even though he had just been thoroughly evaluated by doctors because of his bicycle accident. Medicaid paid doctors more than \$1,700 that day for 19 procedures, records show, including ultrasounds of cerebral arteries and tests for an involuntary eye movement known as “dancing eye.”

“I think that’s why they’re affiliated with Yury,” Mr. Perez said. “They get rich off all of us.”

In an interview, Dr. Custis said he made an agreement with Back on Track about a year ago to recruit patients for a clinical study on hepatitis C and H.I.V. screening. He said he paid Back on Track \$20 for each patient out of his own pocket.

Dr. Custis said he was the only doctor on the study and named a researcher from “the centers for health care disparities out of Mount Sinai” that he said was helping him evaluate the results. But a spokesman for Mount Sinai Hospital in Manhattan said the center did not exist and that no one by the name given by Dr. Custis worked there.

Mr. Aboulafia denied that Back on Track received any money from the doctor. He also said tenants were required to get physicals “to prevent the spread of infection and disease at the facility.” He did not explain why scans and ultrasounds were necessary.

End of the Line

In 2013, Mr. Baublitz stopped paying his lease at New Lots, even as he continued to collect rent.

By last summer, Back on Track owed Paradigm Credit Corporation, the owner of the buildings, more than \$300,000.

“All we asked Back on Track to do was pay the rent that they were obligated to pay, and every time that I’ve had a discussion with Yury he tells me to go ‘F’

myself,” David Kushner, the head of Paradigm, told a Housing Court judge last year.

Mr. Aboulafia said that Back on Track did pay its rent, but to a former owner who lost the buildings in foreclosure, “and our rent was absconded in the process.” When asked whether Back on Track complained to the police about the rent being taken, Mr. Aboulafia said “no comment.”

Last June, Back on Track agreed in court that it would move out by Halloween and “make best efforts to relocate the occupants” to other three-quarter homes.

But none of the residents were told. Eviction notices were thrown away, and Mr. Baumblit kept moving in new tenants.

On Dec. 17, the city marshals showed up. They locked up six of the 12 apartments, giving the few residents who were not at group 15 minutes to grab what they could. On the streets, tenants huddled, wondering whether this was really happening. The week before Christmas, 60 people were suddenly homeless.

In the days that followed, they were allowed to pick up their belongings. Some squeezed into the apartments that were still open, spreading blankets over mattresses in living rooms.

Many wandered off, heading for shelters, other three-quarter houses or the streets. Some used drugs and went into inpatient treatment.

Mr. Baumblit initially tried to collect slips for the tenants who remained. But he quickly abandoned New Lots. On Dec. 23, Mr. Baumblit showed up with a van to take those on disability to other Back on Track homes.

Several who stayed behind went to court to postpone the evictions. They also went to the city’s Human Resources Administration to ask that it stop paying Back on Track. They said they were told that they needed a new address before stopping payments to the old address.

For months, Mr. Kushner also complained to the city.

“The worst part of this is, I contacted every city agency — every city agency — they all told me nothing,” Mr. Kushner said. “They couldn’t help me. They don’t know who Back on Track is, they don’t know what it is. And basically they gave me no help whatsoever.”

At the end of February, when most of the residents of New Lots were long gone, the Human Resources Administration was still paying Mr. Baumblyt to house 65 people.

Mr. Banks said the agency started investigating Back on Track after learning of the mass eviction. But, he said, the agency continued to pay Back on Track for housing because it did not want people who needed housing to lose it. “We didn’t want to render more people homeless,” he said.

Mr. Baumblyt continued to operate, even as his associates ran into trouble. The state tried to shut down New York Service Network last year for billing Medicaid for unnecessary services. The state’s attorney general also recently charged Narco Freedom executives with kickback schemes and Medicaid fraud involving their own three-quarter homes.

This year, Mr. Baumblyt put his house near the beach, with its chandeliers, bar and swimming pool, on the market for \$3.5 million. He told tenants he planned to shut down another three-quarter home, this one on Glenmore Avenue in East New York, and ripped out parts of the stove so nobody could cook there. He continued to evict tenants, even after police charged him with two misdemeanors for unlawful evictions. The cases are pending.

Meanwhile, Back on Track opened two new homes in Brooklyn, including one on Schenck Avenue in East New York. Its owner was a New York City police officer, De’Shawn Ware, whose father was a former house manager for Back on Track.

“I have no involvement whatsoever,” Mr. Ware said, adding that Mr. Baumblyt “just rents the location.”

Life grew increasingly dire for the squatters remaining at New Lots. Mr. McLeod, the man who had dispensed Mr. Daley’s pills, kicked him out of their

apartment. Mr. Daley, off his medications, spent more than a month surfing the subways and sleeping where he could. After he fell on the ice and landed in an emergency room in February, Mr. Daley was given a shot of his anti-psychotic medication and a mood stabilizer and released.

Mr. Daley returned to New Lots, where Mr. McLeod refused to let him inside. Mr. Bush and his housemates let Mr. Daley stay in their living room and fed him. He had gotten no disability money since mid-December because Mr. Baumblit's employee remained the payee.

Mr. Bush, who had qualified for disability in 2013, refused to move to another of Mr. Baumblit's houses. He often walked to the library a block away, submitting subsidized housing applications online for places where his disability payments barely reached half the minimum income needed. He called numbers for programs catering to seniors, and for houses that said they would charge him \$500 a month for a bed. No one called back.

At the end of March, the marshals locked up the apartment where he and Mr. Daley were staying. Most tenants went to other three-quarter houses or shelters.

Mr. Daley packed up his worldly possessions into two plastic bags and moved next door, to the lone New Lots apartment that remained open, crashing there with three others, even after the electricity was cut off, until they all finally left.

Mr. Bush, now 65, put his suitcases, including one with a strip of tape that read "Bush Traveling Clothes," into a shopping cart. He would soon go to a residential treatment program, one he had already been through twice. To qualify, he knew what he had to do: He had to use. "There's nowhere else for me to go," he said.

When he moved, he brought Russell, his talisman, his reminder of better days, placing the bear near his bed in his new room. This time, he told Russell, he would get clean. This time, he said, things would be different.

Susan C. Beachy contributed research.

A version of this article appears in print on May 31, 2015, on Page A1 of the New York edition with the headline: Choice for Addicts: Use Again, or Lose Home.

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