

ARTIANO/PINGREE-DAHLE (rev. 5/13/90)*. **
**(Great Falls, MT; Salt Lake City, UT; Santa Rosa, CA)

William H. Pingree, Jr. and Norman C. Dahle are partners in Pingree and Dahle of Salt Lake City, Utah. Washington, D.C. attorney Martin L. Artiano receives 20% share of Pingree and Dahle projects for work including syndication of the projects and keeping up with developments in Washington. Artiano maintains contacts with HUD officials including Tom Demery. IGR at 310-11. Artiano is one of several persons sponsoring a FOOD fundraiser held in Washington, D.C., 10/19/89. IGR at 473, 482. Pursuant to Artiano request, Pingree and Dahle contribute \$1000 to that fundraiser and Artiano attends. IGR at 312, 316 and Exhibit 9 to IGR at 4. On Demery's short, wallet-sized list of phone numbers (20 persons) Artiano's is ninth; only his home number is listed.

* In written testimony before Lantos subcommittee, and orally before Lantos subcommittee and Banking Committee, Thomas T. Demery, HUD, Assistant Secretary for Housing--Federal Housing Commissioner, states that he did not know who developers and consultants were when he acted on PHA requests for mod rehab units. However, a 11/3/87 document from Demery's wordprocessing diskettes made available under FOIA, which shows funding decisions of 11/3/87, presents a listing of 21 "Additional Requests" by PHAs for mod rehab units. The second page of the document matches the 21 requests with the names of individuals.

Item No. 7 on this list is a request for 150 units for Oregon Hsg. The name matched with the request is Artiano.

11/--/87 In 11/3/88 interview with HUD IG, Roger Pedersen of Montana Department of Commerce states that more than a year earlier, Pingree and Dahle had contacted him and advised him that they had 300 mod rehab units set aside for them. Pedersen states that Pingree and Dahle spoke of doing projects in Washington, Texas, and Oregon, in addition to Montana. They, along with officials from Great Falls, persuade him to run a conditional NOFA for 40 units of mod rehab in Great Falls. Pingree and Dahle submit the only proposal and it is selected. IGR at 304.

4/88 HUD Denver Regional Office prepares prioritized list of PHA's to be requested to submit applications for mod rehab units. Great Falls is not on list of 16 PHA's prepared by HUD staff. In review of staff recommendations, Great Falls Montana was added to the list. IGR at 390-91. Barbara Macravey, HUD Denver Director of Community Planning and Development, stated to IG investigator that inclusion of Great Falls was decision of Regional Administrator Grady Maples, who had said "I have to get Great Falls on this list." IGR at 531. Questioned by IG

* Material revisions or additions of 12/4/89 are marked by single asterisks. Revisions of 5/3/90 are marked by double asterisks.

investigator, Maples could recall no specific reason for ultimate selection of Great Falls for mod rehab funding, although he believed that Demery may have said he was interested in funding Great Falls. IGR at 389.

* Apparently, the Salt Lake City Housing Authority is also on the list. Although the Salt Lake City Housing Authority had previously advertised to solicit interest in mod rehab from developers, and had received 15 responses including one from Pingree and Dahle, no developer had yet been selected for mod rehab funding. Even as of November 7, 1988, when the Executive Director of the PHA was interviewed by an IG Investigator, a developer had not yet been selected for the mod rehab units that, as discussed below, would be awarded to this PHA pursuant to the 6/88 funding decisions and ultimately would be awarded to a Pingree-Dahle project.

5/10/88 Denver HUD requests Pedersen to submit applications for mod rehab units. Letter from HUD states that the units had to be placed under agreement "expeditiously," which Pedersen interprets to mean only projects for which there had already been conditional NOFA's could be funded. Pedersen submits requests for Butte, Billings, Missoula, and Great Falls. Pedersen believes that the places with the greatest need are Butte and Missoula. IGR at 304.

*5/30/88 150 mod rehab requests have been received by HUD Headquarters. They are rated by staff on four of five criteria. These four criteria are worth 35 of a possible 50 points, although the staff ratings merely assign "Excellent," "Adequate" or "Poor" to each criterion. Thereafter, Director of the Office of Elderly and Assisted Housing Lawrence Goldberger, assigns numerical values to the ratings (4 or 5 for Excellent, 1-3 for Adequate) and gives a tentative rating to the fifth criterion, overall feasibility. (This means that a PHA's whose application is rated Excellent by staff of all four criteria rated by staff can then be given a numerical rating by Goldberger anywhere from 28 to 50.) Those applications scoring at least 40 points are then presented to the Ranking Panel of Senior Management Staff. The Panel will rate and rank those applications on all five criteria with the the maximum points being 50.

* HUD IG worksheets show that this process yielded 19 PHAs with scores of 48 or 49 points and 16 PHAs with scores of 48 points. Salt Lake City, with 46 points is tied with three others for 39th place. Montana Department of Commerce, with 44 points, is tied with three others for 43rd place.

*6/15/88 Meeting is held where Demery decides that PHAs scoring between 44 and 48 should be allowed to increase their score for the financing factor. Demery so decides despite objection from staff lawyer Bob Kenison that singling out this

factor for further submissions might give the appearance that it was chosen with a specific outcome in mind. Staff are told to contact PHA's by telephone to give them an opportunity to submit additional information evidencing the availability of financing. Although concerns are raised by most present regarding the permitting of PHAs to present statements from banks and other entities that the PHAs would acquire after they were called, Demery says that will be alright. He agrees, however, to the others' position that such subsequently acquired statements must deal with commitments or arrangements that had already been made by the 5/31/89 deadline for submission of applications. Meeting is memorialized in 6/17/88 memorandum from Bob Kenison to Mike Dorsey. See also Goldberger to Schoenberger Memorandum of 3/31/89 at 6-7 and IG Audit at 12.

*6/17/88 9:35 a.m., Artiano returns Demery's call.

*6/17/88 Pursuant to HUD IG Response to FOIA request for the financing letters that were considered in raising PHA's financing scores, IG provides a 6/17/87 fax transmittal from Bruce Kiernan of The Boston Financial Group to William Pingree. The eighteen pages attached to the transmittal sheet are three virtually identical 6-page letters from Mr. Kiernan to William Pingree dated 5/25/87.

*[NOTE: Subsequent to writing of the last paragraph it has become known that Housing has some letters that the IG did not have, although IG's notations on the fax cover sheet do indicate that the attached letters did form the basis for the increase in the financing scores of Salt Lake City and Montana.]

* The letters state that they summarize and agreement reached earlier in the year whereby The Boston Financial Group would acquire limited partnership, with the partnership of William H. Pingree, Norman C. Dahle, and Martin L. Artiano, for the purpose of syndicating tax credits on three properties on which "[r]ental subsidy for fifteen years is expected under Section 8 is expected for all apartment units." The three properties are the Franklin School in Great Falls Montana (40 units), the New Grand Apartments in Salt Lake City, Utah (108 units), and the Rosenberg Apartments in Santa Rosa, California (73 units). On the basis of this information, the score for the Montana Department of Commerce was raised from 44 to 48 points (though only for the Great Falls part of the request). No other PHA has its score raised more than two points. The score for Salt Lake City Housing Authority was raised from 46 to 48.

* Information has not been provided as to how this fax transmittal was received at HUD. It would appear, however, that it could not have come from a PHA, since the materials involve projects in the jurisdictions of three PHAs. In addition, it would seem doubtful that the Salt Lake City Housing Authority would submit such a document regarding the New Grand Hotel, since it has not yet selected a developer. Finally, it should be noted that the three letters do not actually reflect a financing commitment, but only an agreement to share in the syndication proceeds of the tax credits from a project that will be financed through other sources.

*6/24/88 The consideration of the financing factors causes three PHAs with scores of 48 points to be increased to 49 points, raising to 22 the number of PHA's scoring 49 or 50. Six PHAs (including Montana and Salt Lake City) have their scores increased to 48, raising the number of PHA's scoring 48 points to 19.

* Demery's 3/35/88 Memorandum setting up the new system had included five tie-breaker criteria to be used for selecting among PHAs that scored the same number of points. Since all PHAs scoring 48 had one or more tie-breaker criteria, the 6/24/88 memorandum from Goldberger to Demery, providing the Ranking Panel's ratings and recommendations as to number of units, leaves to Demery the choice among the 19 PHA's scoring 48. (The role of the General Counsel and Under Secretary at this stage is unclear. Compare IG Audit at 11 with Goldberger 3/31/89 Memorandum at 3).

* Nine PHA's scoring 48 points are funded, including 4 that were increased to 48 points as a result of the additional information on the financing factor. Among these is the Montana Department of Commerce, which receives 40 units for Great Falls. These units go to the Pingree-Dahle Franklin Hotel project. 9/18/88 IGR at 30. (For discussion of the other PHAs scoring 48 points that Demery selected for funding at this time, see Seigel/Phoenix chronology (rev. 12/4/89) at 6.)

* Salt Lake City is also selected. Although the Ranking Panel had recommended only 100 units for Salt Lake City, Demery, relying on his personal knowledge, increases the allocation to 125 units. IG Audit at 12. The Goldberger 3/31/89 Memorandum (at 8) would justify this increase on the basis of the fact that the supplemental financing information had identified two specific projects totaling 128 units, as well as support from the Utah's Senators. (This increase is one of three instances in which Demery raised the number of units from the that recommended by the Ranking Panel. For facts surrounding one of the others, see David Barrett chronology.)

* Of the 125 units sent to Salt Lake City, 80 will go to Pingree and Dahle for the New Grand Hotel project. 9/8/89 at 37.

*7/20/88 Demery signs Forms HUD-185 sending the mod rehab units selected in June 1988 to the field, including the Great Falls and the Salt Lake City units.

*7/20/88 Demery dines with Artiano at Geranios.

** 8/29/88 Demery sends memorandum to Lawrence Goldberger instructing him to send 125 units of Section 8 certificates (the equivalent of mod rehab units now that the certificates can be project specific) to Santa Rosa, California. Demery references a 6/14/88 letter request rom the PHA.

*NOTE: Interviewed by an IG investigator on 2/7/89, Artiano would list Demery among seven HUD headquarters officials that he had met, although he would add that he knew them only on a limited basis. IGR at 316. The following entries from Demery's calendars and telephone logs give some indication of Artiano's relationship with Demery.

11/25/86 CAL	Mtg: Artiano
12/02/86 TL	Artiano
12/04/86 TL	Artiano
12/05/86 TL	Artiano
12/12/86 CAL	Mtg: Artiano and Carol Anderson
2/22/87 CAL	Lunch w/ Artiano at Maison Blanche
2/17/87 TL	Artiano: retd your call
3/06/87 TL	Artiano
3/12/87 TL	Artiano: re: problem that Bob Blair is having w/ project.
3/31/87 TL	Artiano
4/23/87 TL	Artiano
4/29/87 TL	Artiano's Office: won't be able to make [President's] dinner tonight: home sick
4/29/87 TL	Artiano's office: Stan has the ticket, what do you want Leanne to do with it?
5/13/87 TL	Artiano: Leaving Thursday night for 9 days, not slacking off on his responsibility re your son and baseball -- see you soon
8/10/87 TL	Artiano
9/23/87 CAL	Lunch w/ Artiano at Maison Blanche; demery chauffeured by HUD car.
11/10/87 TL	Artiano
**11/24/87 TL (disk)	Lunch with Artiano
12/02/87 TL	Artiano twice re: Wedding plans
12/29/87 TL	Artiano
1/07/88 TL	Carol Demery re: reception for Marty
**1/24/88 CAL	Marty's party
3/07/88 TL	Artiano: re: two quick questions
3/11/88 TL	Artiano
4/08/88 CAL	Mtg: Artiano
6/07/88 TL	Artiano
6/17/88 TL	Artiano: ret'd call
7/20/88 CAL	Dinner w/ Artiano at Gerianos