

FOIA Marker

This is not a textual record. This FOIA Marker indicates that material has been removed during FOIA processing by George W. Bush Presidential Library staff.

Records Management, White House Office of

Subject Files - FG023 (Department of Housing & Urban Development)

| Stack: | Row: | Sect.: | Shelf: | Pos.: | FRC ID: | Location or Hollinger ID: | NARA Number: | OA Number: |
|--------|------|--------|--------|-------|---------|---------------------------|--------------|------------|
| W | 11 | 7 | 6 | 2 | 11154 | 24017 | 12215 | 12005 |

Folder Title:

612423

Withdrawn/Redacted Material

The George W. Bush Library

| DOCUMENT NO. | FORM | SUBJECT/TITLE | PAGES | DATE | RESTRICTION(S) |
|--------------|--------|---|-------|------------|----------------|
| 001 | Letter | [Letter] - To: Alberto Gonzales - From: Richard Mallory | 4 | 03/31/2002 | P6/b6; |

COLLECTION TITLE:

Records Management, White House Office of

SERIES:

Subject Files - FG023 (Department of Housing & Urban Development)

FOLDER TITLE:

612423

FRC ID:

11154

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.



LB

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0500

61242355
FG023
04 MAR 5 04:32

April 1, 2002

OFFICE OF THE GENERAL COUNSEL

MEMORANDUM FOR: Michael P. Stevens, Deputy Inspector General, G

FROM: Kathleen D. Koch, Deputy General Counsel, C

SUBJECT: Additional Communication from Richard Mallory

Attached is a copy of the latest communication from former HUD employee Richard Mallory to Judge Alberto Gonzales, Counsel to the President. Mr. Mallory provided this office with a copy via fax. This letter further details Mr. Mallory's assertions of wrongdoing, which have previously been forwarded to the Office of Inspector General (IG) for appropriate handling. Mr. Mallory's communication also included a number of attachments that I am also forwarding.

Please add these materials to those we have previously forwarded to you.

Attachment

cc: Brett M. Kavanaugh
Richard A. Hauser

bcc: Rob Woodson
Camille Pierce

Withdrawal Marker

The George W. Bush Library

| FORM | SUBJECT/TITLE | PAGES | DATE | RESTRICTION(S) |
|--------|---|-------|------------|----------------|
| Letter | [Letter] - To: Alberto Gonzales - From: Richard Mallory | 4 | 03/31/2002 | P6/b6; |

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG023 (Department of Housing & Urban Development)

FOLDER TITLE:

612423

FRC ID:

11154

OA Num.:

12005

NARA Num.:

12215

FOIA IDs and Segments:

2018-0011-P

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.



www.sfgate.com

[Return to regular view](#)

S.F. asks U.S. to forgive accrued debt \$400,000 refund demanded for project involving mosque

Lance Williams, Chronicle Staff Writer
Friday, March 29, 2002
©2002 San Francisco Chronicle

URL: <http://www.sfgate.com/cgi-bin/article.cgi?file=/c/n/2002/03/29/MN179586.D1L>

Mayor Willie Brown's office is asking the Bush administration to forgive the bulk of a \$400,000 city debt that was incurred when federal funds were used to buy a mosque for the Black Muslims.

Behind the city's plea is a politically embarrassing real estate transaction initiated with public funds by a nonprofit organization headed by convicted felon Charlie Walker, one of Brown's most avid political supporters.

In a 1999 transaction that the city admits was fraught with problems, a \$51,000 federal grant administered by the mayor's office was used by Walker's organization to buy a Hunters Point property that subsequently was sold to a Nation of Islam affiliate and used as a mosque and community center, city records show.

Last year, the U.S. Department of Housing and Urban Development ruled that the unusual deal violated strictures against using federal funds to support religion. It ordered the city to pay back the current market value of the property -- as much as \$400,000, by city estimates.

The city hasn't complied. Instead, in a Feb. 6 letter, a Brown aide appealed to HUD to forgive the bulk of the debt, citing a Bush administration policy of allowing faith-based organizations to obtain federal funds for social programs.

Black Muslims are providing "a variety of religious and nonreligious community-serving activities" at the mosque, wrote Pamela David, who is director of the Mayor's Office of Community Development.

"It seems unreasonably punitive for HUD . . . to profit from this situation at the expense of a faith-based organization, and its associated nonprofit, that has made positive contributions to the Bayview-Hunters Point neighborhood," she wrote.

Complicating matters further, public records show that the nonprofit corporation that wound up with the deed to the mosque property -- the Center for Self Improvement -- has failed to pay more than \$17,000 in real estate taxes and also has been suspended from operating by the state Franchise Tax Board for failing to file tax returns.

The Chronicle obtained David's letter via San Francisco's Sunshine Ordinance. David didn't respond to a request for comment for this story. A reporter's call to the mosque was not returned.

David's letter represents the city's latest attempt to close the books on this unusual transaction involving Mayor Brown's controversial friend Walker, known as the "mayor of Hunters Point."

Walker is a trucking contractor who served three years in prison in the 1980s for abusing the city's minority contracting program.

In 1997 -- with Brown's assistance, according to city records -- he founded a nonprofit called the Third Street Economic Development Corp., which during Brown's first term sponsored gala parties honoring the mayor.

That same year, Walker's nonprofit obtained a \$100,000 federal grant via the mayor's office to help buy the Bayview Plaza shopping center on Third Street.

The deal fell through, and two years later, Walker's nonprofit instead used \$51,000 of the grant money to buy a former Wells Fargo Bank building on Third Street.

The bank was being used by another organization as a community center but was about to be auctioned off for failure to pay real estate taxes.

Shortly after it bought the building, and without telling the city, Walker's nonprofit resold the building to the Nation of Islam affiliate.

Soon after that, Walker's nonprofit was suspended from operation for failure to file tax returns, state records show. Walker's nonprofit also never obtained tax-exempt status from the IRS, according to federal records, even though it was supposed to provide the city proof of that before receiving federal funds.

In her letter, David conceded that the city broke HUD rules when it allowed Walker's nonprofit group to buy the bank. She also agreed it was wrong for Walker's group to resell the property.

David said Walker's nonprofit and the Center for Self Improvement both have since been banned from getting any more grants.

Nevertheless, David argued that the remedy imposed by HUD on the city was too tough.

She said the center had put \$51,000 -- the amount of the original grant -- in an escrow account while the dispute was playing out, and she asked HUD to accept that money to resolve the matter.

If HUD insists on recouping more, the city would face messy and unproductive lawsuits, she wrote: Walker's nonprofit has no assets, while the Muslim affiliate might successfully argue that it was "unconscionable" for the city to collect hundreds of thousands in damages in the dispute.

E-mail the author at lmwilliams@sfgchronicle.com.

**MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



**WILLIE LEWIS BROWN, JR.
MAYOR**

**PAMELA H. DAVID
DIRECTOR**

February 6, 2002

The Honorable Roy A. Bernardi
Assistant Secretary, Community Planning and Development
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

**RE: Third Street Economic Development Corporation
Disposition of 5048 Third Street, San Francisco
Request for Reconsideration**

Dear Assistant Secretary Bernardi:

It was a pleasure to meet you at the National Community Development Association meeting in Washington two weeks ago. I am writing this request for reconsideration of the above-referenced matter after hearing your comments, including those on regulatory issues and faith-based partnerships, and after consultation with our City Attorney.

This issue has a very long history, and there has been a significant amount of correspondence between my office, HUD, and the other parties. We are assuming you have access to this correspondence, particularly our letters of March 24 and August 8, 2001 that contain the text and rationale for our proposal to bring this matter to a satisfactory and just resolution, along with numerous supporting documents. I will, thus, only provide a brief recap of the situation.

A number of years ago Wells Fargo Bank decided to close its branch in the Bayview-Hunter's Point neighborhood of San Francisco. Located in the southeast sector of San Francisco, Bayview-Hunter's Point has been an historically African-American neighborhood with high levels of poverty and distress. In 1990, in light of community protests regarding the bank closure, Wells Fargo chose to summarily transfer ownership of the actual bank branch building (5048 Third Street) to an ad-hoc consortium called the Bayview Hunters Point Association of Community Organizations. After a lengthy period of vacancy and sporadic use, during which the building condition deteriorated, the Association leased the building to Mohammed Mosque #26, a branch of the Nation of Islam, for a 10-year term as of 1996. The Mosque, according to community members, used the building for a variety of purposes, including educational and human service activities. No public dollars were involved.

Steven B. Sachs

02/15/02 09:08 AM

cc: Steven B. Sachs/CPD/SFC/HUD@HUD
Subject: weekly report items

here are some quick items for the weekly report

Issues:

Ann Sudduth, Fresno Office Manager, and CPD Staff (Steve Sachs and Richie Post) have been working with the City of Fresno to address the issue of expanding the boundaries of the recently designated Fresno EZ. Prior to the designation being made, the City was requested to delete non-contiguous areas and modify the three developable areas. Fruitful discussions have been held with the City. Upon receipt of the Memorandum of Agreement from Headquarters, which is expected to be mailed next week, the City is expected to submit a letter to Headquarters requesting the contiguous designated area be expanded to include some of the prior identified developable areas. The areas proposed to be added meet program requirements and will address the City's concern to include a good portion of the areas that weren't included in the designation.

The City of San Francisco for the third time has sent an appeal to Headquarters requesting relief from the requirement to repay its CDBG program the full market value for a property that was acquired with CDBG funds but is being used by a religious institution. City staff met with the Deputy Secretary who indicated that the Department is willing to waive regulations that impede carrying out the intent of HUD programs.

Meetings

CPD staff held a focus group meeting with representatives of local continuum of care organizations to develop an implementation plan for providing TA to local continuums on developing and implementing Homeless Management Information Systems (HMIS). The development and implementation of HMISs is a critical issue for local continuums as Congress has mandated that HMISs be in place by January 2004. Information received will be the basis for TA to be provided over the next six months.

Headquarters is looking at ways to streamline the Consolidated Plan process to make it more results oriented. The SF CPD staff is part of a small working group looking at this issue. On February 19th, SF CPD will be holding a focus group meeting with 19 entitlement grantees and the State of California to get input/suggestion from grantees on ways to streamline/change the Consolidated Plan process to make it useful. The group will also look at ways that the Consolidated Plan can be linked with other planning documents/processes such as the general plan, the Public Housing Plan and the Continuum of Care strategy required to be prepared.

On February 22nd, CPD staff will participate in a one-day meeting being held by Headquarters Office of University Partnerships for Hispanic Speaking Institutions. The meeting is being held in San Jose and will provide information about the CDBG funds available to Hispanic Speaking Institutions to carry out community development activities. Most institutions attending are from outside of Pacific Hawaii. CPD staff will be available to discuss CDBG and other community development programs. Local CDBG staffs are also being invited.

Richie Post, Senior Economic Development Specialist is meeting on February 15th in Modesto with a group interested in creating a Community Development entity for the San Joaquin Valley area. The entity is being created as a vehicle to take advantage of the New Market Tax Credits and to support the newly awarded empowerment zone and renewal communities in the Van Joaquin valley.