



OFFICE OF THE ASSISTANT SECRETARY FOR  
HOUSING, FEDERAL HOUSING COMMISSIONER

January 12, 1987

Dear Mr. Secretary:

As the Deputy Assistant Secretary for Multifamily Housing, I have three responsibilities: 1) To get Vouchers on the Street, 2) To fully implement the other Multifamily programs in an efficient and cost effective manner and 3) To take direction from the Assistant Secretary while being loyal to you. And to ensure that nothing that is done in Multifamily Housing could prove to be an embarrassment to you.

Because I believe my loyalty to you is of paramount importance I am writing to you to inform you of certain recent events. First and foremost, I refused a direct order Monday from Assistant Secretary Demery to sign a rapid reply for funding of Moderate Rehabilitation units since it was my understanding that, on your specific instructions, Housing was to fund no Moderate Rehabilitation until you and Assistant Secretary Demery had met. As a matter of practice, I also check with Special Assistant Morgan or Executive Assistant Dean before signing any Moderate Rehabilitation funding documents.

Last Friday evening, Assistant Secretary Demery came to my office with five rapid replies for Moderate Rehabilitation and directed me to sign them before he would leave my office. I later called Deborah Dean on other matters and reported this incident to her. She told me that no Moderate Rehabilitation funding was approved until your meeting with the Assistant Secretary - so when the incident repeated itself Monday morning - I refused to obey saying that your authority was superior to that of the Assistant Secretary.

Last Monday I was instructed by Assistant Secretary Demery to sign a request for a rapid reply for 230 Loan Management Set Aside (LMSA) units for two projects in Michigan. A memorandum from our Regional Housing Director recommended against providing additional Section 8 funds for either project (memorandum attached). It is standard procedure to only fund LMSA requests from the Field and I can find no record of a case where we funded LMSA units where the Region had gone on record - in writing - against such an action. I would not have signed such a request and recommended to Assistant Secretary Demery that it not proceed, especially since staff members in Multifamily Housing had refused to concur. Assistant Secretary Demery ordered me to sign the request for a rapid reply and ordered the Director of the Operations Division, Don Myers, to concur. Assistant Secretary Demery told me that he had made this commitment before he came to HUD. He mentioned to Mr. Myers that these projects were part of the "baggage he brought to HUD." Mr. Secretary, these projects should not go forward out of the Secretary's Discretionary Fund. I believed that when he ordered me to sign the first document that I would have the opportunity to get advice from the tenth floor before signing

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the final papers. But apparently, Assistant Secretary Demery plans to go ahead and fund the projects directly.

Additionally, Don Myers who has served in an outstanding capacity as the Director of the Operations Division handling all workouts, Transfer of Physical Assets and assignments, has recently been given the additional responsibility as Acting Director of the Property Disposition Division which sells HUD owned property. It is planned that he will assume the new (lateral) assignment on a permanent basis in the near future. I disagree with that move and after discussions with Mr. Myers am aware that it is his preference to remain in his present position. He told me that he agreed to the change only under pressure from Mr. Demery. Mr. Secretary, there is a great deal of political activity in the Operations Division where Mr. Myers has been a tough and efficient manager, saving the Department millions of dollars. Assistant Secretary Demery has said he needs someone in the job who is "more flexible". It is my understanding that he plans to promote someone out of the Detroit, Michigan office and has never discussed this change with me.

The above incidents are of concern to me because they paint a picture of steps being taken by the Assistant Secretary to clear a path which will allow him total freedom to fulfill his own agenda.

Lastly, this past weekend my Special Assistant, Miss Abbie Weist, received a telephone call in which she was threatened and advised that if she continued supporting me that she would be in trouble when the changes, presumably my removal, were made in Housing. As Abbie has been most loyal to me and to the Department as well as being of great assistance, this action is inexcusable. While she would not reveal who called her, it is clear that they are in contact with Mr. Demery.

When I first came to Multifamily Housing, I didn't think there was a lot I had to learn. But I soon found out that despite my technical knowledge of the programs, I was not the manager that the office needed. I want you to know, that I have dedicated myself these past weeks and months at strengthening these deficiencies. From reliable sources both in and out of my office, I believe that I have turned the corner and that I have what it takes to run this office. However, Assistant Secretary Demery has refused to discuss with me any management issue and is simply awaiting your decision for my removal.

I may have brought you some problems in the months past, but I do know a shady deal from a good one. And I know that the whole time I worked for you, neither you nor Deborah Dean ever asked me to do anything resembling what is being done down here now.

Very Sincerely Yours,

R. Hunter Cushing

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