

HM 1-1054

ARISTEDES (ART) MARTINEZ, Developer, 401 Miracle Mile, Suite 302, Coral Gables, Florida, was interviewed in his office on November 8, 1988 by Special Agent FRANCIS J. McGRATH. MARTINEZ stated:

He was involved as a contractor in Section 8 New Construction and Substantial Rehabilitation and became an owner under the Moderate Rehabilitation Program (MRP) when it was introduced. The MRP was introduced, in his opinion, to rehabilitate apartments which did not fit into the substantial rehabilitation. Also, it "allowed HUD to bring twice as many units on the market since it was for a fifteen year subsidy as opposed to the thirty year subsidy under substantial and it was the only game available since there was no more new or substantial allocations." With the exception of the change from thirty year subsidies to fifteen year subsidies, the MRP was basically the same as the substantial rehabilitation program. The reason he got into MRP was to generate cash because he had lost his bonding capability which had resulted in having to close his construction company.

Former HUD Secretary MOON LANDREAU had allocated 400 units of MRP to Dade County, but DADE COUNTY DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (DADE HUD) could not get anyone to develop the units because the only location where all family 2-3 bedroom units could be located was in Liberty City, a very low income area of Miami, Florida. He optioned a 200 unit complex which he proposed to do a MRP of 126 units. He was awarded the 120 units in two phases. The first phase was for sixty units, but because of difficulties obtaining financing the units for phase two, they were recaptured by HUD before they were available to him. Following a successful appeal to HUD by a Florida Congressional Delegation to allocate the recaptured units in Dade County, he was awarded sixty units by DADE HUD to complete phase two. He did not utilize any consultant in the above, he just sought the assistance of the Congressional Delegation to help Dade County and himself.

With regard to MRP units in question, HIALEAH-MIAMI LIMITED APARTMENTS (238 unit complex), he submitted the proposal to DADE HUD himself. No consultant was involved. The only extraordinary contact he had in the transaction was his request to DADE HUD to expedite his funding because his commitment was expiring; his request was honored. He did not recall who he talked with in DADE HUD.

Date Reported: 11/8/88

Date Transcribed: 11/18/88

He had two partners in the above transaction, MARIO JIMMENEZ and RAY BORR. He believes his proposal was selected for funding by DADE HUD because it was the most suited for the allocation. He heard this from friends, who he declined to identify, but asserted they were never employed by HUD nor the federal government. He indicated that his contacts were individuals who had political influence. He did not pay directly for any political influence but has made donations to Republican candidates.

The HIALEAH-MIAMI LTD. APARTMENTS were sold in 1986 to J & B, INC., a New York syndication.

ARAMA LIMITED (293 unit project) and WEST DADE, LIMITED, (122 unit project) both had Washington D.C. based consultants. ARAMA had LOUIE B. NUNN and WEST DADE had JOE STRAUSS of PHOENIX ASSOCIATE.

He explained he met NUNN in 1978-79, when NUNN successfully represented him in a suit against HUD. In both ARAMA and WEST DADE matters, consultants were paid for services rendered. Copies of both contracts were provided the Inspector General through PAUL ATKINSON, HUD-IG-Audit.

Regarding WEST DADE, he engaged PHOENIX ASSOCIATES through a local associate, MANNY VERGERA. In both instances involving ARAMA and WEST DADE, he was notified within thirty to forty-five days by his consultants that his units would be included in an allocation forth coming to DADE HUD. He does not recall receipt of a "Form 185" regarding an award.

He always reflected payment to the consultants on the Cost Certification, although he understood it was not an eligible cost. He listed it because "he wanted the whole world to know he used consultants."

In the case of WEST DADE, he had to adjust the number of units to fit the allocation. He explained that allocations are based on two bedroom units and in order to provide various sized units he changed the mix from all two bedroom units to a combination of no bedroom, two bedroom and three bedroom units in addition to two bedroom units, which is allowable as long as the total does not exceed the allocation.

He is aware of others in the industry, JORGE PEREZ, JORGE BOLANOS and LOUIS-RUBY SWEZY to mention a few, but has never discussed how they went about getting allocations.

He has never donated to F.O.O.D. FOR AFRICA.