

INTERVIEW REPORT
[REDACTED]OFFICE OF INDEPENDENT COUNSELName: Thomas Demery
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[REDACTED]Interview on June 11, 1993,
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Demery first met Philip Winn in the early 1980's at Winn's office at the U.S. Department of Housing and Urban Development (HUD) shortly after Demery was hired as a contractor for HUD. At that time Winn was the Assistant Secretary for Multifamily Housing. Although Demery was aware that it was Winn's idea for HUD to hire contractors, Winn did not hire Demery directly. One of Winn's assistants, Roy Demmon, interviewed and hired Demery.

After Winn left HUD, Demery continued to work as a contractor for HUD. He did not have any business or personal contact with Winn while working as a contractor for HUD. He did, however, have contact with Winn's successor in the position of Assistant Secretary of Multifamily Housing, Philip Abrams. He first met Abrams in approximately 1983 at HUD, Washington, D.C. Demery was impressed by Abrams demeanor and considered him to be one of the most intelligent individuals he had ever met. Demery was aware that after Abrams left his position at HUD, Washington, D.C. and eventually began working with Philip Winn in Denver, Colorado.

As of late 1985 or early 1986 Demery had the impression that Winn and Abrams were developing office buildings near Dulles Airport in the Washington Metropolitan Area. Demery acknowledged that he was aware at a later date that Winn and Abrams were developing HUD moderate rehabilitation (mod rehab) projects around the country.

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During 1985 and 1986, Demery would occasionally see Winn and/or Abrams at political functions. Demery was interested in a political appointee position at HUD and knew both Winn and Abrams had some political clout and could possibly help him obtain a position. When he began the process of applying for a political position he asked Winn and Abrams, amongst many others, to assist him. Both Winn and Abrams stated they would do whatever they could to help Demery. However, Demery had no knowledge of what, if anything, either or Winn or Abrams did on his behalf.

After Demery was nominated by President Reagan to become the Assistant Secretary for Multifamily Housing there were some difficulties in Demery's confirmation for the position. Senators Cohen and Mitchell, both of Maine, were holding up Demery's confirmation. The senators were upset that Secretary Pierce had closed the Public Housing Authorities (PHAs) in their state. They decided they would not confirm Demery until Secretary Pierce changed his position and reopened the PHAs in Maine. After numerous discussions between HUD, Washington, D.C. and Senators Cohen and Mitchell, Demery was eventually confirmed.

It was not until recently that Demery learned that Deborah Gore Dean had contacted various individuals, to include Winn, in an attempt to help Demery gain the confirmation. Demery was aware that Winn had tried to help him prior to the confirmation hearing. Prior to the confirmation hearing Demery needed to meet all of the Senators on the Committee. Demery asked various individuals to help him in making these arrangements. He contacted Winn to assist him in scheduling appointments with Senator Garn and other senators. Following the confirmation hearing but prior to being confirmed, Winn contacted Senator Cohen on Demery's behalf.

Demery identified Winn, Dave Barrett, Dick Dunnells, Bob Davis, and Maurice Barksdale as individuals he had asked to assist him in gaining his confirmation. It was Demery's opinion that Winn was the key figure in helping him obtain the confirmation. After being confirmed, Demery felt he owed a debt of gratitude to Winn. Demery was certain that he would have thanked Winn and told him to call him if he ever needed help from Demery.

Demery met Silvio DeBartolomeis in August or September, 1986 when Demery began working at HUD. DeBartolomeis was the Acting Assistant Secretary for Multifamily Housing until Demery's confirmation for that position. DeBartolomeis confided in Demery that he was going to leave government service since he did not get the position of Assistant Secretary for Multifamily Housing. He spoke candidly about his anticipation to eventually work for Winn in Denver, Colorado. DeBartolomeis traveled to Denver, Colorado, prior to his departure from HUD, to interview with Winn. Upon his return to Washington, D.C., DeBartolomeis informed Demery that he would be the Property Manager for Winn's projects. He would also be working with Abrams and would have the opportunity to learn the

construction aspects of development. DeBartolomeis decided to accept the position with Winn and left his position at HUD in late 1986. During the time that DeBartolomeis and Demery worked together at HUD, DeBartolomeis was accommodating and helpful to Demery at HUD. Upon DeBartolomeis' departure from HUD, Demery told him if he needed help to give Demery a call.

Demery was aware upon the departure of DeBartolomeis from HUD, that Winn, Abrams, DeBartolomeis and others (the Winn Group) had a financial interest in numerous HUD programs to include the mod rehab program.

While learning his duties as Assistant Secretary of Multifamily Housing, Demery frequently had questions in regard to his position. He frequently called Abrams for assistance on policy matters. Demery considered Abrams to be knowledgeable in HUD policies and felt comfortable asking Abrams for advice.

In approximately March, 1987 Abrams contacted Demery in regard to a letter from Dave Herlinger, Colorado Housing and Finance Agency (CHAFA), to Demery regarding a request for mod rehab units. Abrams wanted to know when the funding round was going to occur and if Demery had received Herlinger's request. Demery assured Abrams that he had. Demery took the CHAFA request to the committee meeting in which the mod rehab funding was decided. Although Demery associated the CHAFA request with Abrams, he does not believe he recommended that CHAFA receive any funding because CHAFA had received funding in a previous and recent funding round. It was at approximately this time that Demery came to understand that Abrams and Winn were in the mod rehab business.

On approximately April 7, 1987, Dean and Demery met, prior to the formal Mod Rehab Funding Committee meeting, to discuss mod rehab funding for primarily the Arlandria, Virginia project. They also discussed other projects. Dean listed the PHAs she wanted mod rehab funds awarded to. Dean stated that they had to fund: Massachusetts because Ed Brooke wanted units there; Arlandria, Virginia because Gonzales requested units there; Milwaukee because Senator Proxmire requested units for a battered women's program; Aurora, Colorado for Phil Winn; and others that Demery could not recall. Demery did not think it was unusual for Winn to have an interest in obtaining mod rehab units in Aurora, Colorado because it was in his home town and Winn was a former official of HUD. Demery was not, at that time, focusing on being aware of whether Winn had any financial interest in a project in Aurora, Colorado.

Demery met Winn for lunch in Washington, D.C. during June, 1987. They discussed, among other things, life in Colorado. Demery learned during this conversation that Winn owned a condominium (condo) in Vail, Colorado. Demery inquired if the condo would be available during the Christmas holiday season of 1987/88. Winn advised that he was not sole owner of the condo and

would have to check to see if it would be available during this time. Demery could not recall hearing if the condo was available prior to October, 1987. He had discussed other matters with DeBartolomeis when he learned that the condo would be available during the Christmas holiday season during that year. Demery did not think to ask about paying for the use of the condo at that time. He did not view it as a problem in any ethical, moral or illegal way.

In September, 1987, Demery met with Winn at a Holiday Inn in Washington, D.C. for breakfast. Winn requested Demery approve mod rehab funding for two PHAs: one in Victoria, Texas and one in Richland, Washington. Winn emphasized that both of these requests were to help DeBartolomeis in the future. Demery could not recall whether Winn used DeBartolomeis' name, because DeBartolomeis was still under a one-year ban from working with HUD. Winn more than likely circumvented the use of DeBartolomeis' name by stating something to the effect that the requests were for "someone who could not do business with HUD right now." Winn gave Demery the impression that he wanted to help DeBartolomeis in any way he could because DeBartolomeis was just getting started in the real estate business. Although Demery did not know how Winn was helping DeBartolomeis, he knew if he helped DeBartolomeis he would also be helping Winn. There was no doubt in Demery's mind following the September, 1987 meeting that after Winn requested specifically for mod rehab funding that Winn and the Winn Group were directly involved (financially) in mod rehab projects.

Ray Constand, an uncle of Demery's who worked at a title company in Denver, Colorado, requested that Demery speak at a breakfast Constand was going to host in the Denver, Colorado area. Constand was aware that Demery was going to be in the Denver, Colorado area in October, 1987 for a HUD Regional Conference. Demery accepted his uncle's invitation to speak at a breakfast in October, 1987. Constand asked Demery who he should invite to the breakfast. Demery contacted either Winn or DeBartolomeis to inform them that his uncle was hosting a breakfast in the Denver, Colorado area, asked them if they would attend and to provide Constand with a list of people in which he should invite to the function. Demery gave a speech at the breakfast in October, 1987 in which Winn and other members of the Winn Group attended. Following the breakfast, Demery traveled to Vail, Colorado for the HUD Regional meeting. Demery was not sure of how he got to Vail, Colorado. He may have borrowed Winn's Jeep to drive to Vail. Demery did, however, recall that he drove Winn's Audi from Vail back to Denver.

Demery had invited the Winn Group to attend a cocktail party following the HUD Regional meeting in Vail, Colorado. Abrams, Winn and DeBartolomeis attended the cocktail party. During the party DeBartolomeis advised Demery that he either planned or had already spoken to Diana Goodwin, HUD Regional Office, Seattle, Washington. Demery was aware that DeBartolomeis was interested in developing a

mod rehab project in Richland, Washington, which was covered by the HUD Regional Office in Seattle, Washington. Demery was concerned that DeBartolomeis was speaking to Goodwin, because DeBartolomeis was still under a one-year ban from working with HUD. Demery was also nervous because there was a connection between the Richland project, Winn, and Demery's planned use of Winn's condo in Vail, Colorado.

The first time Demery began to have doubts about whether he should use the condo was during the October meeting in Vail, Colorado. However, these thoughts passed, and Demery used the condo without reservation.

Either just prior to the cocktail party or following the cocktail party, Demery, DeBartolomeis and other attendees of the conference and cocktail party went for a walk in Vail, Colorado. During their walk, DeBartolomeis acted as a tour guide. He pointed out Winn's condo to Demery. Demery could not recall if he had a tour of the interior of the condo at this time.

Demery spent the night in Vail, Colorado and drove to Denver the next day in an Audi owned by Winn. On the drive back to Denver the car overheated, and DeBartolomeis traveled to the disabled vehicle to pick Demery up. Demery did not pay for the use of the vehicle except for the purchase of coolant and gasoline. Demery was not concerned about saving the government money by using Winn's vehicle. Demery could not recall if Winn offered or if Demery asked to use Winn's vehicle.

Demery was advised that during November, 1987 his office placed eleven calls to Winn, one of which was to Winn's residence. Demery could not recall why he would have contacted Winn at home. Not all of the contacts were made by Demery to Winn directly, but were probably made by his assistant, Lindsay Sturdivant, to Winn's assistant, Suzanne Hobbs. During this time period, the contacts were probably regarding arrangements for the condo. Demery received in the mail, from Hobbs, an envelope containing keys to the condominium and instructions regarding use of the condo.

On approximately December 18, 1987, Demery met with DeBartolomeis. DeBartolomeis mentioned that his ban with HUD was over and that he could now talk to Demery about HUD business he wanted to conduct. Demery could not recall if actual business was discussed at this time.

Demery and his family used the Winn condo in Vail, Colorado during the Christmas holiday season in 1987/88. Demery could not recall specifically the mode of transportation his family used while in Colorado during this time.

In October, 1987 and November, 1987 Demery met and had discussions with Secretary Pierce regarding the resolution of

extending the budget for the Mod Rehab Program past the fiscal year. Demery was displayed a copy of a document entitled Mod Rehab Request as of November 1, 1987 (OIC document EA290800). Demery explained that the PHAs listed in the first portion of the document were PHAs that Pierce had given approval to provide funding to. Decisions on the lower half of the document, under the heading "Additional Requests," could not be made until after the budget resolution was completed. This list was compiled by Demery after receiving input from Susan Zagame, Tim Coyle, and Tom Casey. They made sure that the PHAs had sent HUD the required letters for these requests. After the list was compiled, Demery met with Pierce to decide which of these PHAs to fund. Demery had second thoughts about funding any of the PHAs on the list but never thought about not recommending PHAs he knew Winn had an interest in. Demery rationalized his decision to go ahead and fund these housing authorities on the list by telling himself that this would be the last time the funding would be conducted this way. Of the two PHAs Winn had an interest in, Richland, Washington and Victoria, Texas, Demery only recommended that the Richland, Washington Housing Authority be funded. The Victoria, Texas Housing Authority was awarded funding following a revised selection process which scored PHAs on a point system. It was Demery's opinion that the only individuals who saw this list were Pierce and Lindsay Sturdivant.

Demery recalled that Pierce looked at the names of persons associated with projects covered by each PHA opposite the "Additional Requests" heading and remarked that "he" -- referring to Lance Wilson whose last name appeared opposite the entry for Wyoming PHA -- was to get no more funding for projects Wilson favored.

In approximately January, 1988, Winn contacted Demery and stated that he had to bill Demery for the use of the condo in Vail, Colorado. Winn had never mentioned billing Demery prior to this time. Winn appeared to be embarrassed or put off by having to make the call to Demery. The call from Winn came before an invoice was sent to Demery. Demery got the impression from Winn that it was up to Demery to do whatever he wanted in regard to the invoice. It was Demery's opinion that Winn did not expect him to pay.

On February 13, 1988, Demery and his wife, Carol, were in Denver, Colorado to attend a Bar Mitzvah hosted by Abrams for one of Abrams' sons. Following the Bar Mitzvah and prior to attending a reception, the Demerys followed DeBartolomeis to the Winn Group offices for a tour. Demery does not recall the visit to the Winn Group offices but his wife does. DeBartolomeis mentioned to the Demerys that he was going to become engaged that night. They also discussed whether Winn was expecting to be paid by Demery for the use of the condo. After a discussion with DeBartolomeis, Demery concluded that it was not important to Winn to receive the money. Demery did not view the bill as a real debt as he believed Winn never intended to charge him for the use of the condo. Demery did

not pay for the use of the condo, not because he did not have the money, but because he did not want to have to spend the money if it was unnecessary. After Demery decided that he was not going to make the payment, he realized that he needed to have documentation to show that he did indeed pay for it. He decided to ask DeBartolomeis for a receipt. Demery did not ask Winn for such a receipt, which Demery knew would have been a false receipt, because he would have been embarrassed. On the other hand, DeBartolomeis was not a person that Demery held in as high regard as he did Winn. If DeBartolomeis had insisted and if Demery actually believed Winn expected him to pay, then Demery would have paid. Demery's sole interest, at the time he requested a receipt, was to involve DeBartolomeis, forcing him to back Demery's position that he had paid for the condo's use. Demery advised DeBartolomeis that he needed the receipt before Demery left the Denver, Colorado area a few days later. Demery did not observe DeBartolomeis prepare a receipt.

On February 14, 1988, the Demerys took DeBartolomeis and his fiance to dinner at the Cafe Giovanni, Denver, Colorado. The dinner was to celebrate DeBartolomeis' engagement. Demery paid the bill. The Demerys had asked DeBartolomeis to dinner prior to Demery's request for a receipt. The dinner was for the celebration of DeBartolomeis' engagement, and in no way was it for reimbursement for the use of Winn's condo.

Following the dinner but prior to leaving the restaurant, Demery was alone with DeBartolomeis and requested the receipt. DeBartolomeis handed the receipt to Demery, who placed it into his coat pocket. Several days later the Demerys left Colorado enroute to Puerto Rico. They shipped their winter clothes home and continued their travel.

Several months later, Demery was interviewed by Al Cain, Office of Independent Counsel, regarding matters to include the use of Winn's condo. Cain asked if Demery had a receipt for the condo. Demery advised he had a receipt and would forward it to Cain. However, when Demery searched his home for the receipt he could not locate it. Demery contacted DeBartolomeis and requested another receipt be prepared. When the second receipt was received by Demery, he made numerous copies so that it would not be lost again. Demery provided the Office of Independent Counsel, pursuant to a subpoena, a copy of the second receipt.

In 1990 when Demery was called to testify before the Lantos Committee, he was most concerned about questions regarding the use of Winn's condo. He wanted to steer his answers as far away as possible from Abrams and Winn so he could avoid questions concerning the condo. In order to avoid these questions he decided to try to disassociate himself from Winn and Abrams. He believed if he spoke about his association with Winn and Abrams and their involvement in mod rehab he would have initiated questions

concerning the condo. Consequently, when the Committee asked Demery questions about Demery's knowledge of Winn and Abrams, he tried to deflect the Committee's interest in them by testifying that he thought they were developers of buildings in the area -- not acknowledging that he knew them to be developers of HUD-subsidized projects.

In regard to a facsimile received by Demery from HUD, Washington, D.C. while Demery was using the Winn condo, Demery advised that initially he had requested his office to Federal Express the document to him in Vail, Colorado. After he had not received the document by Friday, he requested the document be faxed to the Winn Group offices. The primary reason he had the document sent to the Winn Group offices was to allow Abrams to read through and make comments on it. Demery attached no significance of this document to the use of the condo. Demery chose to focus the use of the condo as an act of friendship, not business. At the time he stayed in the condo, Demery did not see its use as a gratuity.

