

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Holding a Criminal Term
Grand Jury Sworn in on June 23, 1992

UNITED STATES OF AMERICA
v.
JAMES G. WATT
Defendant.

CR 95-0040

- Violations:
18 U.S.C. §1621
(Perjury)
18 U.S.C. §1623
(False Declarations Before
a Grand Jury)
18 U.S.C. §1001
(False Statements)
18 U.S.C. §1503
(Obstruction of Justice)
18 U.S.C. §2
(Aiding and Abetting)

HARRIS, J.

INDICTMENT

FILED IN OPEN COURT

FEB 22 1995

THE GRAND JURY CHARGES:

CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

INTRODUCTION TO ALL COUNTS

Unless otherwise alleged, at all times material to this
Indictment:

Background

1. In or about May 1989, a Subcommittee of the United States
Congress began a series of hearings into abuses, favoritism and
mismanagement in programs of the United States Department of
Housing and Urban Development ("HUD") during the administration of
President Ronald Reagan's Secretary of HUD, Samuel R. Pierce, Jr.,
who was in charge of HUD from approximately 1981 to early 1989.

Case Related To CR 92-392, 91-329, 92-86 (BRISOE)
DePort Charles Harbor

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Holding a Criminal Term
Grand Jury Sworn in on June 23, 1992

UNITED STATES OF AMERICA
v.
JAMES G. WATT
Defendant.

CR 95-0040

- Violations:
18 U.S.C. §1621
(Perjury)
18 U.S.C. §1623
(False Declarations Before
a Grand Jury)
18 U.S.C. §1001 *at 2 & 20*
(False Statements)
18 U.S.C. §1503
(Obstruction of Justice)
18 U.S.C. §2
(Aiding and Abetting)

HARRIS, J.

INDICTMENT

FILED IN OPEN COURT

FEB 22 1995

CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

B

THE GRAND JURY CHARGES:

INTRODUCTION TO ALL COUNTS

Unless otherwise alleged, at all times material to this
Indictment:

Background

1. In or about May 1989, a Subcommittee of the United States
Congress began a series of hearings into abuses, favoritism and
mismanagement in programs of the United States Department of
Housing and Urban Development ("HUD") during the administration of
President Ronald Reagan's Secretary of HUD, Samuel R. Pierce, Jr.,
who was in charge of HUD from approximately 1981 to early 1989.

Case Related To CA 92-392, 91-399, 92-86

2. Defendant JAMES G. WATT, among other witnesses, appeared before the Congressional Subcommittee investigating HUD, and on or about June 9, 1989, testified under oath regarding his involvement with HUD during the administration of HUD Secretary Pierce.

3. Defendant JAMES G. WATT, a former Secretary of the United States Department of the Interior, had served in President Ronald Reagan's Cabinet with HUD Secretary Pierce from approximately 1981 to 1983.

4. After he left the Department of the Interior, and despite his lack of any prior HUD experience, defendant JAMES G. WATT was paid more than five hundred thousand dollars, and was promised additional sums, for successfully approaching HUD Secretary Pierce and other high-ranking HUD officials during 1984 to 1986 to obtain HUD funding and benefits for private landlords and developers.

5. Following the completion of the Subcommittee hearings, the Congressional Committee of which the Subcommittee was a part found that, during the administration of HUD Secretary Pierce, "[h]ousing programs established to benefit the poor were abused," and that "[i]n many housing programs objective criteria gave way to political preference and cronyism, and favoritism supplanted fairness." House Committee on Government Operations, Abuse and Mismanagement at HUD, H.R. Rep. 101-977, 101st Cong., 2d Sess. 3. In particular, the Congressional Committee found that HUD's Section 8 Moderate Rehabilitation program, which was intended to provide for the rehabilitation of low-income housing, "was riddled with blatant favoritism, political influence, and abuse in the

distribution of hundreds of millions of dollars of rent subsidies and tax benefits." Id.

6. Following the Congressional Subcommittee's initial hearings, in or about November 1989, the House Judiciary Committee of the United States Congress sought the appointment of an Independent Counsel to investigate whether crimes had been committed in connection with HUD.

7. On or about March 1, 1990, an Independent Counsel was appointed. Thereafter, the Independent Counsel began an investigation with the assistance of a Federal Grand Jury sitting in Washington, D.C.

8. On or about November 21, 1990, defendant JAMES G. WATT testified under oath before the Grand Jury investigating HUD.

9. As is set forth in separate Counts following this Introduction, this Indictment charges that defendant JAMES G. WATT testified falsely before, and concealed material facts from, the Congressional Subcommittee and the Grand Jury.

10. As is set forth in separate Counts following this Introduction, this Indictment also charges that defendant JAMES G. WATT obstructed justice by concealing, for more than four years, documents regarding his involvement with HUD and HUD officials, in violation of a Grand Jury subpoena issued to him in or about May 1990 that required him to produce these documents in or about June 1990.

The Defendant and Phoenix Associates

11. Defendant JAMES G. WATT is an attorney who now resides in Jackson Hole, Wyoming.

12. Following his nomination by President Ronald Reagan in 1981, defendant JAMES G. WATT served as the Secretary of the United States Department of Interior until in or about November 1983.

13. In his position as Secretary of the Department of Interior, defendant JAMES G. WATT served in the Cabinet with Samuel R. Pierce, Jr., who was then Secretary of the United States Department of Housing and Urban Development.

14. After leaving the Department of the Interior, and in or about February 1984, defendant JAMES G. WATT entered into a business relationship with Joseph A. Strauss, pursuant to which defendant JAMES G. WATT was, among other things, to approach HUD Secretary Pierce and other HUD political appointees in order to obtain HUD funds for Strauss's clients, who were private developers and landlords.

15. Strauss had served at HUD as a Special Assistant to HUD Secretary Samuel R. Pierce, Jr., from in or about May 1981 to in or about May 1983.

16. After leaving HUD, Strauss had formed The Phoenix Associates, Ltd. ("Phoenix Associates"), a company that sought HUD funding for private developers and landlords.

The HUD Programs

17. Phoenix Associates sought funding under a variety of HUD programs, including HUD's Moderate Rehabilitation Program (sometimes known as the "Mod Rehab" program). The Moderate Rehabilitation Program guaranteed federal rental subsidies for low-income apartment units ("Mod Rehab units") for fifteen years. These subsidies were paid not to the tenants, but to landlords and developers who agreed to rehabilitate the apartment units to make them decent, safe, and sanitary for low-income tenants. 42 U.S.C. §1437 et seq. In addition, during some of the time periods relevant to this Indictment, landlords and developers participating in the Moderate Rehabilitation Program also could obtain tax credits, which they could either use themselves to decrease their taxes or sell for a profit.

18. The award of Moderate Rehabilitation funds was designed to be a two-stage process. First, state or local Public Housing Authorities were to apply to HUD for such funds. Second, those PHAs were supposed to advertise (or to have advertised previously) the availability or potential availability of Moderate Rehabilitation funds, and then choose which low-income projects would receive the funds following a competitive selection process. Thus, the PHAs, not HUD, were supposed to select which particular housing projects would receive Moderate Rehabilitation funds; HUD was prohibited from making "project-specific" awards, that is, awards that designated Moderate Rehabilitation funds for a specific project.

19. At all times relevant to this Indictment, the demand for Moderate Rehabilitation funding from PHAs far exceeded the funds available from HUD.

20. At all times relevant to this Indictment, high-ranking political appointees at HUD Headquarters in Washington, D.C., decided which of the applying state and local Public Housing Authorities would receive Moderate Rehabilitation funds.

21. Despite the prohibition against HUD making project-specific awards of Moderate Rehabilitation funds, certain landlords and developers were willing to pay individuals who could contact high-ranking HUD political appointees and ensure that Moderate Rehabilitation funds, in the particular amount desired by the landlord or developer, be directed to the particular PHA chosen by the landlord or developer. By so doing, the landlord or developer sought to ensure (i) that the PHA the landlord or developer had selected would be given preference by HUD political appointees over all other applying PHAs, and (ii) that the PHA would in turn select the landlord or developer's particular project, since the award would match the project's requirements.

22. Although he had no prior experience with HUD or low-income housing at the time he began his association with Phoenix Associates, defendant JAMES G. WATT subsequently was paid more than five hundred thousand dollars by Phoenix Associates, Strauss, and others, for successfully contacting high-ranking HUD officials to obtain Moderate Rehabilitation funding for particular PHAs and in particular amounts, as well as to obtain other HUD benefits.

23. Among the other HUD benefits defendant JAMES G. WATT was paid to obtain from HUD officials were upward adjustments of Fair Market Rents ("FMRs") for HUD-subsidized low-income housing projects. Such upward adjustments increased profits to the landlords or developers of such projects. Defendant JAMES G. WATT also was paid to approach HUD officials to obtain Workout and Completion Arrangements and Transfers of Physical Assets ("TPAs").

Defendant's Contacts With Secretary Pierce
and Other HUD Officials

24. It was the goal of defendant JAMES G. WATT, his associates, and others, that HUD funds and benefits would be awarded for the profit of particular developers and landlords through the intervention and personal influence of defendant JAMES G. WATT with HUD political appointees.

25. It was the further goal of defendant JAMES G. WATT, his associates, and others, that the HUD funds and benefits would be awarded in such a manner that no developers or landlords other than those on whose behalf defendant JAMES G. WATT acted could effectively compete for them, thereby subverting competition for such HUD funds and benefits.

26. It was the further goal of defendant JAMES G. WATT, his associates, and others, that they would and did cover up, make false statements about, and give testimony designed to conceal, their role in HUD's awards of funds and benefits, and the manner in which those HUD funding decisions were made.

27. In particular, on or about March 12, 1984, defendant

JAMES G. WATT entered into a written agreement with Joseph Strauss pursuant to which defendant JAMES G. WATT would be paid the following amounts by Phoenix Associates:

- a. \$20,000 if HUD agreed to a Workout and Completion Arrangement for a housing project in New Jersey known as Corinthian Towers;
- b. \$15,000 if HUD agreed to a Workout Arrangement for a project in New Jersey known as Sokol Apartments;
- c. \$15,000 if HUD granted additional rental assistance payments to a project in New Jersey known as Kingsbury Apartments; and
- d. \$20,000 if HUD granted 271 Moderate Rehabilitation units to a project in New Jersey known as Rogers Gardens.

28. In addition, in or about the spring of 1984, defendant JAMES G. WATT entered into an oral agreement with Joseph A. Strauss, pursuant to which defendant JAMES G. WATT would receive approximately \$200,000 if Moderate Rehabilitation funds were awarded to certain projects in Puerto Rico, hereinafter referred to as the "Santurce projects."

29. Thereafter, on or about April 2, 1984, defendant JAMES G. WATT met with HUD Secretary Pierce regarding the Santurce, Sokol, and Corinthian Towers projects.

30. On or about April 16, 1984, defendant JAMES G. WATT wrote a letter to HUD Secretary Pierce about the projects discussed at their April 2, 1984 meeting. In that letter, defendant JAMES G. WATT thanked Secretary Pierce for "understanding the need for a

quick approval on these several applications" for the Santurce, Sokol, and Corinthian Towers projects. Defendant JAMES G. WATT further stated that "[h]opefully by the time you receive this letter the signatures will be on the documents for Corinthian Towers and Sokol Apartments." With regard to the Santurce project, defendant JAMES G. WATT noted that he and Secretary Pierce had discussed an award of 807 Moderate Rehabilitation units to a PHA known as the Puerto Rico Housing Finance Corporation ("PRHFC"), and stated that "[t]he application for this 'rehab' project comes from a reputable developer, Santurce Rental Group Corporation that has had success with HUD and enjoys the full support of major political leaders on all levels of government." Defendant JAMES G. WATT further stated that after the April 2, 1984 meeting, he had conversations with Lance Wilson, Secretary Pierce's Executive Assistant, and that Wilson had "suggested this be done in two funding cycles this fiscal year." Defendant JAMES G. WATT stated that "[o]ur client would not object to the division of the rehabilitation project assuming that all the projects were authorized this fiscal year." In closing, defendant JAMES G. WATT thanked Secretary Pierce for "your support on these three projects," all of which were approved for HUD funding shortly after the date of this letter.

31. On or about May 4, 1984, defendant JAMES G. WATT was paid \$20,000 by Phoenix Associates in connection with the Corinthian Towers project.

32. On or about May 21, 1984, defendant JAMES G. WATT wrote

a letter to Joseph Strauss stating that he had been unable to reach Secretary Pierce, "who is out of town," but had that day spoken to Lance Wilson, Secretary Pierce's Executive Assistant. With regard to the Santurce projects, defendant JAMES G. WATT stated that "Lance said that the Puerto Rican REHAB projects were '100% definite this week,'" and that "Secretary Pierce had given instructions to him [Lance Wilson] and [HUD Undersecretary] Phil Abrams to complete the project on the basis of my letter and subsequent conversations between you [Joseph Strauss] and Lance." With regard to the award of funds for the benefit of Rogers Gardens in New Jersey, defendant JAMES G. WATT stated that Lance Wilson "said that Rogers Gardens would be out Tuesday in that we did receive a rapid reply [an internal HUD funding document] and the '185 document [a HUD funding document transferring funds for award to a PHA] would be done Tuesday.'" As promised, both the Santurce and Rogers Gardens projects thereafter received funding.

33. On or about May 23, 1984, defendant JAMES G. WATT met with Lance Wilson regarding the following projects: Santurce, Rogers Gardens, Kingsbury, and Citywide Apartments.

34. In or around June 1984, defendant JAMES G. WATT spoke with the then HUD Assistant Secretary for Housing, in order to attempt to secure a rent increase for a federally subsidized low-income housing project known as Citywide Apartments, located in Springfield, Massachusetts, for the benefit of a client of Phoenix Associates.

35. On or about August 15, 1984, following the award of

Moderate Rehabilitation funds to the Puerto Rico Housing Finance Corporation ("PRHFC"), a PHA, pursuant to the request defendant JAMES G. WATT had made to Secretary Pierce for the Santurce projects, defendant JAMES G. WATT met with Deborah Gore Dean. Ms. Dean was then Secretary Pierce's Executive Assistant. At that meeting, defendant JAMES G. WATT arranged with Deborah Gore Dean that HUD would send a letter to the PRHFC, over the signature of HUD Secretary Pierce, that was intended to subvert competition by discouraging the PRHFC from following HUD rules and regulations that required advertising the availability of the Moderate Rehabilitation units to other developers or landlords.

36. On or about August 17, 1984, defendant JAMES G. WATT was paid \$20,000 by Phoenix Associates in connection with obtaining a rent increase for Citywide Apartments.

37. On or about September 5, 1984, defendant JAMES G. WATT wrote to the then HUD Assistant Secretary for Housing and requested Moderate Rehabilitation funding for the benefit of three projects, one in New Jersey, one in Massachusetts, and one in the Virgin Islands. In his letter, defendant JAMES G. WATT stated that he had been assured that the projects "are clear as a whistle," but that "[j]ust as you like it" the PHA applications themselves were not "project-specific" (that is, the applications did not name the projects). Defendant JAMES G. WATT stated that "[w]e would like the 185's [the HUD funding documents] on these as soon as possible." HUD thereafter allocated funds in the general amounts sought by defendant JAMES G. WATT for each of these projects,

although the project in the Virgin Islands was in fact never rehabilitated.

38. On or about January 1, 1985, defendant JAMES G. WATT was paid \$35,000 by Phoenix Associates.

39. On or about February 25, 1985, Phoenix Associates assigned defendant JAMES G. WATT's company (James G. Watt Company) a letter of credit in the amount of \$38,000 that Phoenix Associates had received from one of its clients on whose behalf defendant JAMES G. WATT had contacted HUD officials for Moderate Rehabilitation funds and other HUD benefits.

40. On or about April 22, 1985, defendant JAMES G. WATT received \$10,000 from Phoenix Associates.

41. On or about May 23, 1985, defendant JAMES G. WATT met with Joseph Strauss and his business associate, Judith Siegel, to plan how to approach HUD officials to obtain Moderate Rehabilitation funding for 312 apartment units for a housing project in Baltimore County, Maryland. This project was subsequently known as Kingsley Park.

42. In or about September 1985, Deborah Gore Dean promised Joseph Strauss that, because HUD had withdrawn approximately 300 of the Moderate Rehabilitation units that defendant JAMES G. WATT had been promised for the Santurce projects in Puerto Rico, defendant JAMES G. WATT and Joseph Strauss would receive approximately 300 Moderate Rehabilitation units for another project.

43. In or about the spring of 1986, Phoenix Associates paid JAMES G. WATT \$15,000, in the form of three checks each in the

amount of \$5,000.

44. In or about April 1986, defendant JAMES G. WATT met with HUD Secretary Pierce to request that 312 Moderate Rehabilitation units be sent to the Maryland Community Development Administration exclusively for use in Baltimore County, the location of the Kingsley Park project.

45. In or about April 1986, on the same day as his meeting with HUD Secretary Pierce, and at Secretary Pierce's direction, defendant JAMES G. WATT met with acting Assistant Secretary of Housing Silvio DeBartolomeis in connection with the allocation of 312 Moderate Rehabilitation units to the Maryland Community Development Administration.

46. In or about April 1986, after meetings with associates of defendant JAMES G. WATT, the Maryland Community Development Administration applied to HUD's Baltimore Regional Office for 312 Moderate Rehabilitation units for the Kingsley Park project in Baltimore County, even though that project had not been included on the Maryland Community Development Administration's earlier application to HUD for Moderate Rehabilitation funds for that fiscal year.

47. On or about May 5, 1986, defendant JAMES G. WATT entered into a contract with Judith Siegel and associates of Judith Siegel, pursuant to which defendant JAMES G. WATT was to be paid the greater of \$300,000 or one-third of the net syndication profits if Kingsley Park was developed as a Moderate Rehabilitation project.

48. On or about May 22, 1986, 312 Moderate Rehabilitation

units, which constituted a commitment of more than \$28 million in federal funds over fifteen years, were allocated for the Maryland Community Development Administration. HUD Headquarters directed that these units be used exclusively in Baltimore County, the location of the Kingsley Park project.

49. On or about June 6, 1986, defendant JAMES G. WATT wrote a letter to HUD Secretary Pierce regarding the Kingsley Park project. That letter stated: "Dear Sam: Thanks! You are a man of your word. Silvio has carried out the necessary paperwork to give the County of Baltimore 312 units of Sec. 8 Mod-Rehab units. This is as we discussed and will make an excellent project for all concerned."

50. On or about June 6, 1986, defendant JAMES G. WATT wrote a letter to Acting Assistant Secretary DeBartolomeis regarding the Kingsley Park project. That letter stated "Thanks for making it happen," and enclosed a copy of defendant JAMES G. WATT's letter of the same date to HUD Secretary Pierce.

51. On or about October 1, 1987, pursuant to the direction of defendant JAMES G. WATT, the Kingsley Park partners, including Judith Siegel, paid \$131,000 of defendant JAMES G. WATT's \$300,000 fee for Kingsley Park to Phoenix Associates, Joseph Strauss's corporation.

52. In or about January 1988, the Kingsley Park partners paid a total of \$169,000 to defendant JAMES G. WATT, the remaining portion of his \$300,000 fee for Kingsley Park.

53. On or about May 3, 1989, shortly before his testimony

before the Congressional Subcommittee, defendant JAMES G. WATT submitted to Seymour Gould an invoice for \$200,000 for his fee for having obtained the Moderate Rehabilitation funds for the Santurce projects.

54. On or about May 4, 1989, a check for \$100,000 was issued to defendant JAMES G. WATT by Seymour Gould in connection with the Santurce projects.

55. In or about 1992 or 1993, defendant JAMES G. WATT made further requests to Joseph Strauss for the remaining \$100,000 owed him for having obtained Moderate Rehabilitation units for the Santurce projects.

56. In or about February 1995, HUD paid the latest monthly installments of the fifteen-year commitments of federal Moderate Rehabilitation funds made in the 1980s following defendant JAMES G. WATT's contacts with HUD political appointees.

The Investigations

57. In 1989, the Employment and Housing Subcommittee of the Committee on Government Operations of the House of Representatives of the United States Congress (hereinafter referred to as "the Congressional Subcommittee"), which was chaired by Congressman Tom Lantos, conducted hearings on Abuses, Favoritism, and Mismanagement in HUD Programs (hereinafter referred to as "the Congressional Hearings").

58. Among those called to appear before the Congressional Subcommittee was defendant JAMES G. WATT, who testified under oath

at the Congressional Hearings on June 9, 1989.

59. Prior to his testimony, defendant JAMES G. WATT met and/or spoke with Joseph Strauss and others for the purpose of agreeing on the testimony each would provide to the Congressional Subcommittee.

60. In or about May 1990, a Federal Grand Jury sitting in Washington, D.C., issued a Subpoena dated May 18, 1990, to defendant JAMES G. WATT for production of documents in connection with the Grand Jury's investigation relating to HUD.

61. On or about June 6, 1990, in response to the May 18, 1990 Grand Jury subpoena for documents, defendant JAMES G. WATT represented in a letter to a Special Agent of the Federal Bureau of Investigation that he did not have certain documents that the subpoena required be produced to the Grand Jury.

62. On or about November 21, 1990, defendant JAMES G. WATT appeared and testified under oath before the Federal Grand Jury investigating HUD.

63. In or about November 1994, it was revealed that defendant JAMES G. WATT had documents responsive to the May 1990 subpoena that he had withheld, which documents he was then forced to produce in December 1994 and in January 1995.

64. Thereafter, on or about January 17, 1995, defendant JAMES G. WATT represented, through an agent, that his production in response to the May 18, 1990 Grand Jury subpoena for documents was complete, when in fact he still had not produced all documents in his possession called for by the subpoena, including the letters

described in paragraphs 30, 32, and 37 of this Introduction.

CHARGES

I. TESTIMONY RELATING TO WATT'S OVERALL
INVOLVEMENT IN HUD

COUNT ONE

(Perjury Before Congress Regarding HUD Projects)

1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.
2. On or about June 9, 1989, within the District of Columbia, the Subcommittee on Employment and Housing of the Committee on Government Operations of the House of Representatives of the United States Congress (the "Congressional Subcommittee") was conducting hearings investigating allegations of abuse, favoritism, and mismanagement in the administration of HUD programs, during the years from 1981 to 1989, approximately.
3. It was material to the investigation of the Congressional Subcommittee to determine, among other things, how HUD programs were administered, and the overall scope of defendant JAMES G. WATT's involvement in those programs.
4. At the time and place set forth above, the defendant JAMES G. WATT, having duly taken an oath before the Congressional Subcommittee, a competent tribunal, that he would testify truly, in a case in which the laws of the United States authorize an oath to be administered, did unlawfully, knowingly, willfully, and contrary to such oath state material matters which he did not believe to be

true, as underlined in the sworn testimony set forth below:

* * *

Mr. Shays. Were you involved in helping to acquire the units for any other than these three [Corinthian Towers, Santurce, and Kingsley Park]?

Mr. Watt. No. No.

Mr. Shays. These are the only three, so in your relationships with the other projects, it wasn't the influencing aspect of getting someone to at least listen and see if it had merit, to see if it should be funded -- is there any other?

Mr. Watt. I only saw Secretary Pierce on two of them [Santurce and Kingsley Park]. We did everything we could to try to get those things through. I never met with anybody else.

* * *

Mr. Lukens. You mention you met with Secretary Pierce regarding all three of these items [Corinthian Towers, Santurce, and Kingsley Park], I understand?

Mr. Watt. No. Just two of them.

Mr. Lukens. Were others there with you? Were others there with you when you met with Secretary Pierce?

Mr. Watt. No.

Mr. Lukens. You met only on moderate rehab programs ...?

Mr. Watt. That is correct. Excuse me. I only met with Secretary Pierce?

Mr. Lukens. Yes.

Mr. Watt. Yes, on just these two issues [Santurce and Kingsley Park].

Mr. Lukens. And both times with the Mod Rehab?

Mr. Watt. Yes.

* * *

Mr. Schumer. What other people did you talk to at HUD in the course of your dealing in this housing area?

Mr. Watt. We've mentioned Pierce and Deborah Dean.

Mr. Schumer. And you mentioned Barksdale at one point.

Mr. Watt. Barksdale. And Silvio DeBartolomeis, who was the -- I don't know if he was the Federal Housing Commissioner, or the acting Federal Housing Commissioner.

Mr. Schumer. Just those four people were the only people at HUD you ever directly talked to whether it be in person or on the phone?

Mr. Watt. On any of these projects, yes.

Mr. Schumer. Well, overall. I don't mean you met someone at a social occasion, but on any business, Government, housing-related matter?

Mr. Watt. Just those four.

* * *

5. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) defendant JAMES G. WATT met with Secretary Pierce and obtained his support for the Corinthian Towers and Sokol projects, as well as for the Santurce and Kingsley Park projects; (b) defendant JAMES G. WATT met with HUD officials to obtain Moderate Rehabilitation and other HUD funding and benefits for projects in addition to the three he named to Congress; and (c) defendant JAMES G. WATT met with HUD officials in addition to the four he identified to Congress.

(In violation of Title 18, United States Code, Section 1621)

COUNT TWO
(Concealment Before Congress Regarding HUD Projects)

1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.
2. On or about June 9, 1989, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department of the United States, that is, the Employment and Housing Subcommittee of the Committee on Government Operations of the House of Representatives of the United States of America ("Congressional Subcommittee"), knowingly and willfully falsified, concealed, and covered up by a trick, scheme, and device material facts defendant JAMES G. WATT had a duty to disclose, and made false, fictitious, and fraudulent statements and representations, by giving the testimony to the Congressional Subcommittee set forth in Count One, which testimony is incorporated here by reference.

(In violation of Title 18, United States Code, Sections 1001)

COUNT THREE
(Perjury Before Congress Regarding Payments)

1. Paragraphs 1 and 2 of Count One are realleged and incorporated herein as though fully set forth in this Count.
2. It was material to the investigation of the Congressional Subcommittee to determine, among other things, the manner and amount in which defendant JAMES G. WATT was compensated for his HUD activities.
3. At the time and place set forth above, the defendant

JAMES G. WATT, having duly taken an oath before the Congressional Subcommittee, a competent tribunal, that he would testify truly, in a case in which the laws of the United States authorize an oath to be administered, did unlawfully, knowingly, willfully, and contrary to such oath state material matters which he did not believe to be true, as underlined in the sworn testimony set forth below:

* * *

Mr. Weiss. Now, if the going price on the street was \$1,000 or \$2,000 per unit, and you received roughly that amount on the Essex project, why did you receive only \$20,000 on the project in New Jersey and \$100,000 on the project in Puerto Rico?

Mr. Watt. Well, my partners and I have laughed about that since. They said now, Jim, that you have learned what the thing is, I suppose that you are going to bill us for additional revenues.

And the answer is that's what they offered, and it sounded like a lot of money to me, and we settled on it.

* * *

Mr. Weiss. How about the Puerto Rican project; was that the second or third project?

Mr. Watt. That was, I guess it was the second project I worked on, but I just got the check in 1989.

Mr. Weiss. Right, and how was that \$100,000 figure arrived at?

Mr. Watt. I guess because I wasn't a good negotiator. But that's what my partners offered up and that's where we are today.

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) Joseph A. Strauss had

promised to pay defendant JAMES G. WATT approximately \$200,000 if Moderate Rehabilitation units were awarded for the benefit of Phoenix Associates' clients in Puerto Rico; and (b) defendant JAMES G. WATT had submitted a bill in the amount of \$200,000 only shortly before his testimony before the Congressional Subcommittee, of which \$100,000 remained to be paid.

(In violation of Title 18, United States Code, Section 1621)

COUNT FOUR
(Concealment Before Congress Regarding Payments)

1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.
2. On or about June 9, 1989, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department of the United States, that is, the Employment and Housing Subcommittee of the Committee on Government Operations of the House of Representatives of the United States of America ("Congressional Subcommittee"), knowingly and willfully falsified, concealed, and covered up by a trick, scheme, and device material facts defendant JAMES G. WATT had a duty to disclose, and made false, fictitious, and fraudulent statements and representations, by giving the testimony to the Congressional Subcommittee set forth in Count Three, which testimony is incorporated here by reference.

(In violation of Title 18, United States Code, Sections 1001)

COUNT FIVE
(Perjury Before Grand Jury Regarding
Rogers Gardens, Sokol, and Kingsbury)

1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.

2. On or about November 21, 1990, a Grand Jury of the United States was sitting in the District of Columbia and was conducting an investigation into whether, among other things, there had been committed in the District of Columbia and elsewhere violations of criminal statutes of the United States in connection with the administration of HUD programs from approximately 1984 to 1988, including HUD's Section 8 Moderate Rehabilitation Program.

3. It was material to the investigation of the Grand Jury to determine, among other things, how HUD programs were administered, and the overall involvement of defendant JAMES G. WATT in those programs, including the projects for which defendant JAMES G. WATT had sought HUD funding or benefits.

4. At the time and place set forth above in this Count, the defendant JAMES G. WATT, having duly taken an oath that he would testify truthfully before the Grand Jury, did unlawfully, knowingly, and contrary to such oath make material false declarations, as underlined in the sworn testimony set forth below:

* * *

Q. I notice that in the [March 12, 1984] agreement [between defendant JAMES G. WATT and Joseph Strauss] there is reference to four specific projects, is that right?

A. Yes.

Q. Those would be Corinthian Apartments, Sokol Apartments, S-o-k-o-l, Kingsbury Apartments, and Rogers, R-o-

g-e-r-s, Gardens, is that right?

A. That's correct.

Q. Those are all projects that you were retained by Phoenix to work on?

A. That's correct.

Q. Now at the same time that you were working on those projects, were you also working on other projects with Mr. Strauss that were not embraced by this agreement?

A. No, I was not, and as it turned out I didn't work on those. The Sokol -- I talked to Joe about these while I was preparing my testimony. The Sokol project he never got as a client. I think he didn't do anything on Sokol.

I forget what the other two were. I didn't do anything on either as I recall. Corinthian is the only one I had the lead on.

GJ 72

* * *

Q. Could I ask you to look back at what has been entered as Grand Jury Exhibit 2? That is the March 12th, 1984 agreement. Do you have that before you, sir?

A. Yes.

Q. Turn, if you would, to page 3, and in particular the last project mentioned there, Rogers Gardens. Do you see that before you?

A. Yes.

Q. Is that a project you actually did work on?

A. I had the lead on three projects: Corinthian Towers, the Maryland project, and a Puerto Rican project.

Q. This is not a project you worked on?

A. I don't --

Q. Whether the lead or otherwise?

A. I was involved in their activities. We discussed lots of projects -- what do we do about this, what's this client going to do, what's that one going to do.

So was I involved? Probably. I don't remember specifically. I didn't do anything with HUD on it but I was involved in much more than -- I'll tell you, I tried to carefully use the word I had the lead on three projects. I did things with HUD on those three projects.

GJ 84-85

* * *

5. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) defendant JAMES G. WATT met with Secretary Pierce to obtain HUD approval and funding for Sokol Apartments; (b) defendant JAMES G. WATT sought Moderate Rehabilitation funding from HUD officials for the Rogers Gardens project; (c) defendant JAMES G. WATT sought HUD approval and funding for the Kingsbury Apartments; and (d) defendant JAMES G. WATT sought funding from HUD officials for projects other than the three projects he testified to before the grand jury.

(In violation of Title 18, United States Code, Section 1623)

COUNT SIX
(Concealment Before Grand Jury Regarding
Rogers Gardens, Sokol, and Kingsbury)

1. Paragraphs 1 through 3 of Count Five are realleged and incorporated herein as though fully set forth in this Count.

2. At the time and place set forth above, defendant JAMES G. WATT, appearing as a witness under oath at a proceeding before the Grand Jury, knowingly, intentionally, and corruptly did influence, obstruct, and impede, and endeavor to influence, obstruct, and impede, the due administration of justice, to wit: by giving the

testimony set forth in Count Five, which testimony is here incorporated by reference, and thereby concealing and endeavoring to conceal from the Grand Jury that (a) defendant JAMES G. WATT met with Secretary Pierce to obtain HUD approval and funding for Sokol Apartments; (b) defendant JAMES G. WATT sought Moderate Rehabilitation funding from HUD officials for the Rogers Gardens project; (c) defendant JAMES G. WATT sought HUD approval and funding for the Kingsbury Apartments; and (d) defendant JAMES G. WATT sought funding from HUD officials for projects other than the three projects he testified to before the grand jury.

(In violation of Title 18, United States Code, Section 1503)

COUNT SEVEN

(Perjury Before Grand Jury Regarding Corinthian Towers)

1. Paragraphs 1 and 2 of Count Five are realleged and incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Grand Jury to determine, among other things, whether defendant JAMES G. WATT had met with Secretary Pierce and other HUD officials regarding Corinthian Towers.

3. At the time and place set forth above in this Count, the defendant JAMES G. WATT, having duly taken an oath that he would testify truthfully before the Grand Jury, did unlawfully, knowingly, and contrary to such oath make material false declarations, as underlined in the sworn testimony set forth below:

* * *

Q. Besides Mr. Barksdale, who else within the Department

of Housing and Urban Development did you have occasion to meet with in connection with Corinthian Towers.

A. Only Barksdale.

GJ 72

* * *

Q. Were you ever asked in connection with Corinthian Tower, sir, to meet with Secretary Pierce?

A. I did not meet him and I never was asked to.

Q. As far as you can recall you had no conversation in which anyone in connection with Corinthian Towers suggested that you meet with then Secretary Pierce?

A. Oh, okay, that's a different question. I assume so but I did not and was not asked to.

GJ 79

* * *

Q. Do you remember a man named Donald Cohen?

A. He was one of the partners in the Corinthian project.

Q. Do you recall meeting with him in connection with the this transaction?

A. Oh, yes.

Q. Let me ask you, sir, to take a look at what I have marked as Grand Jury Exhibit 3 [a letter to defendant JAMES G. WATT from Donald Cohen, dated March 28, 1984] as of this date and I will have marked by the court reporter.

Q. Would you take a moment and look at this document, please, sir.

A. (Perusing document.) Okay.

Q. Do you recall this document, sir?

A. No, but I'm sure I would have received it.

Q. I would ask you to direct your attention to the final paragraph, before the "Good luck and thank you" paragraph.

A. He needed a lot of that.

Q. Do you see where it says "hopefully," and this is referring back to Wilson and Abrams, "will be made aware of your meeting with the HUD Secretary by then."

I take it at the time this letter was prepared there had been no such meeting?

A. There had been [sic] and there never has been. Now this is written, dated March 28th. I never had a meeting with Pierce and never set one up, never discussed Corinthian with Pierce.

Q. Do you have any idea why Mr. Cohen thought you either had had one or were about to have one?

A. No.

....

Q. Look at the last sentence in that paragraph [in Grand Jury Exhibit 3] where it says "Quite frankly, I believe your meeting with the Secretary will be the most important event that has taken place on this project, and I know we're in 'good hands.'"

Is it fair to say that at least in Mr. Cohen's mind a meeting had in fact been scheduled and scheduled for a particular date?

A. I don't know. You'll have to ask him. There was not a meeting.

GJ 80-82

* * *

Q. Do you know, again focusing on the time that you were Secretary of the Interior, did you meet Phil Abrams?

A. I do not remember ever having met Phil Abrams. That doesn't mean in one of those receiving lines I didn't meet him. I've never had a telephone conversation. I've had no business dealings with him at any time before, since, or present, however you state it.

GJ 33

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) defendant JAMES G. WATT

met with Secretary Pierce to obtain HUD approval and funding for Corinthian Towers; and (b) defendant JAMES G. WATT telephoned Philip Abrams in an effort to obtain HUD approval and funding for Corinthian Towers.

(In violation of Title 18, United States Code, Section 1623)

COUNT EIGHT

(Concealment Before Grand Jury Regarding Corinthian Towers)

1. Paragraphs 1 and 2 of Count Seven are realleged and incorporated herein as though fully set forth in this Count.

2. At the time and place set forth above, defendant JAMES G. WATT, appearing as a witness under oath at a proceeding before the Grand Jury, knowingly, intentionally, and corruptly did influence, obstruct, and impede, and endeavor to influence, obstruct, and impede, the due administration of justice, to wit: by giving the testimony set forth in Count Seven, which testimony is here incorporated by reference, and thereby concealing and endeavoring to conceal from the Grand Jury that (a) defendant JAMES G. WATT met with Secretary Pierce to obtain HUD approval and funding for Corinthian Towers; and (b) defendant JAMES G. WATT telephoned Philip Abrams in an effort to obtain HUD approval and funding for Corinthian Towers.

(In violation of Title 18, United States Code, Section 1503)

COUNT NINE

(Perjury Before Grand Jury Regarding Citywide and Katz)

1. Paragraphs 1 and 2 of Count Five are realleged and

incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Grand Jury to determine, among other things, what involvement defendant JAMES G. WATT had in obtaining rent increases for the Citywide Apartments project and in obtaining HUD funding and benefits for other projects owned or to be developed by Alfred Katz.

3. At the time and place set forth above in this Count, the defendant JAMES G. WATT, having duly taken an oath that he would testify truthfully before the Grand Jury, did unlawfully, knowingly, and contrary to such oath make material false declarations, as underlined in the sworn testimony set forth below:

* * *

Q. Let me show you a document previously marked as Grand Jury Exhibit 4. I believe it's at the top of the stack now before you, sir. This is a letter purporting to be from Mrs. Siegel to yourself dated June 5, 1984. I would ask the court reporter to mark it as of this date.

Q. Do you recognize this letter, sir?

A. Not really.

Q. Will you take a moment to review it? Do you see a reference to Citywide Apartments in Springfield, Massachusetts?

A. Yes.

....

Q. Did you ever work on any effort by any developer to get a rent increase from 120% to 144%?

A. I want to answer this with care. I worked on a lot of projects. I probably worked on this [Citywide Apartments]. I did not do anything at HUD in connection with this.

Q. Looking at this letter [Grand Jury Exhibit 4, a letter dated June 5, 1984, from Judith Siegel to defendant JAMES G. WATT] does that refresh your recollection about

anything you may have done on the Citywide Apartments transaction?

A. No. I don't think that -- this is not asking me to do anything. This is just a FYI letter.

Q. Do you know what came of the developer's efforts to get a contract rent increase?

A. I do not.

GJ 114-16

* * *

Q. Do you recall what services Phoenix was performing for Mr. Katz?

A. No, I don't. I didn't have the lead on his projects.
....

GJ 87

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) defendant JAMES G. WATT sought rental increases from HUD officials for the Citywide Apartments project; (b) defendant JAMES G. WATT sought Moderate Rehabilitation funding and rent increases from HUD officials for projects to be developed by Alfred Katz, including Citywide Apartments and other projects; and (c) defendant JAMES G. WATT was paid \$20,000 for obtaining rental increases for the Citywide Apartments project and was paid at least \$38,000 for obtaining HUD funding or benefits for other projects owned or developed in whole or in part by Alfred Katz.

(In violation of Title 18, United States Code, Section 1623)

COUNT TEN
(Concealment Before Grand Jury Regarding Citywide and Katz)

1. Paragraphs 1 and 2 of Count Nine are realleged and incorporated herein as though fully set forth in this Count.

2. At the time and place set forth above, defendant JAMES G. WATT, appearing as a witness under oath at a proceeding before the Grand Jury, knowingly, intentionally, and corruptly did influence, obstruct, and impede, and endeavor to influence, obstruct, and impede, the due administration of justice, to wit: by giving the testimony set forth in Count Nine, which testimony is here incorporated by reference, and thereby concealing and endeavoring to conceal from the Grand Jury that (a) defendant JAMES G. WATT sought rental increases from HUD officials for the Citywide project; (b) defendant JAMES G. WATT sought Moderate Rehabilitation funding and rent increases from HUD officials for projects to be developed by Alfred Katz, including Citywide Apartments and other projects; and (c) defendant JAMES G. WATT was paid \$20,000 for obtaining rental increases for the Citywide Apartments project and was paid at least \$38,000 for obtaining HUD funding or benefits for other projects owned or developed in whole or in part by Alfred Katz.

(In violation of Title 18, United States Code, Section 1503)

II. TESTIMONY RELATING TO THE SANTURCE,
PUERTO RICO PROJECTS

COUNT ELEVEN
(Perjury Before Congress Regarding Pierce and Puerto Rico)

1. Paragraphs 1 and 2 of Count One are realleged and

incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Congressional Subcommittee to determine, among other things, the involvement of defendant JAMES G. WATT in the Moderate Rehabilitation funding of projects in Puerto Rico.

3. At the time and place set forth above, the defendant JAMES G. WATT, having duly taken an oath before the Congressional Subcommittee, a competent tribunal, that he would testify truly, in a case in which the laws of the United States authorize an oath to be administered, did unlawfully, knowingly, willfully, and contrary to such oath state material matters which he did not believe to be true, as underlined in the sworn testimony set forth below:

* * *

Mr. Watt The second project I was involved in concerned a desire to have allocation of units assigned to Puerto Rico with the expectation that clients would be able to compete and secure those units from the authorities in Puerto Rico. I set up the appointment with Secretary Pierce and in the process notified four people of my coming, the then-Housing Commissioner, Deborah Dean, Pierce's personal secretary, and Pierce himself.

I wanted no one in the organization to be blind-sided, and further my style is to keep everyone informed so maybe some one of those informed will follow through.

I met with Secretary Pierce. We visited about personal matters, as friends will do. I then explained in detail what we wanted to do in Puerto Rico and why. I explained why our project was so good and it would win the competition of the Public Housing Authority if Puerto Rico were given the allocation of units and held their competition for the distribution of those units.

Secretary Pierce responded again or -- this is the first time he did it for me, as I have already testified -- with a strong emphasis that he did not approve any specific project or any developer, that he was not sure there were sufficient funds unallocated to meet our project needs. If the Puerto

Rico Public Housing Authority selected our project -- and that he could not direct Puerto Rico to select any particular project. He was consistent on that in the two times I met with Secretary Pierce.

I of course had already learned that and assured him that I did not want him to do any of the things he just mentioned; we simply wanted a chance to compete in meeting the needs of Puerto Rico. Secretary Pierce promised me nothing other than he would ask staff to look into the matter. Some time later an allocation of units was made to Puerto Rico.

* * *

Mr. Watt. There was a big thrust to build new housing units in Puerto Rico. I spoke to Secretary Pierce about those 600 units. Subsequent to that, that many or more were allocated to Puerto Rico.

Our client then went into the Puerto Rican public housing authority and competed for those houses or housing units and was awarded roughly 300 of them, not the full amount that frankly I had hoped would be the case.

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) defendant JAMES G. WATT obtained Secretary Pierce's support for the Santurce projects during their April 2, 1984 meeting; (b) Secretary Pierce supported granting the funding requested by defendant JAMES G. WATT; and (c) thereafter, defendant JAMES G. WATT and his associates sought to prevent and subvert competition by other developers or landlords for the Puerto Rico Moderate Rehabilitation units, including through a lawsuit against the PHA.

(In violation of Title 18, United States Code, Section 1621)

COUNT TWELVE
(Concealment Before Congress Relating to Pierce and Puerto Rico)

1. Paragraphs 1 and 2 of Count Eleven are realleged and incorporated herein as though fully set forth in this Count.

2. On or about June 9, 1989, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department of the United States, that is, the Employment and Housing Subcommittee of the Committee on Government Operations of the House of Representatives of the United States of America ("Congressional Subcommittee"), knowingly and willfully falsified, concealed, and covered up by a trick, scheme, or device material facts defendant JAMES G. WATT had a duty to disclose, and made false, fictitious, and fraudulent statements and representations, by giving the testimony to the Congressional Subcommittee set forth in Count Eleven, which testimony is incorporated here by reference.

(In violation of Title 18, United States Code, Sections 1001)

COUNT THIRTEEN
(Perjury Before Congress Regarding Dean)

1. Paragraphs 1 through 2 of Count One are realleged and incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Congressional Subcommittee to determine, among other things, what contacts defendant JAMES G. WATT had with Deborah Gore Dean, Secretary Pierce's Executive Assistant.

3. At the time and place set forth above, the defendant

JAMES G. WATT, having duly taken an oath before the Congressional Subcommittee, a competent tribunal, that he would testify truly, in a case in which the laws of the United States authorize an oath to be administered, did unlawfully, knowingly, willfully, and contrary to such oath state material matters which he did not believe to be true, as underlined in the sworn testimony set forth below:

* * *

Mr. Schumer. Okay, and what did he, whoever it was, Bob or Joe, say to you about Deborah Gore Dean?

Why were you meeting with her?

Mr. Watt. She was -- they had a series of problems that are more technical types that I didn't get involved in. They needed paperwork that was already submitted to HUD by the public housing authorities and had been there for some period of time.

They needed to get that reviewed to see that it did meet the regulations that did exist and continued to exist and get those papers either rejected or approved so that it so that they could redo them if necessary or approve them as the process --

Mr. Schumer. Did you after that call her? On how many occasions? Deborah Gore Dean.

After that, I mean, in your whole association with Phoenix Associates and housing, how many other times did you deal with Deborah Gore Dean?

Mr. Watt. To my recollection, just the times before and after going the two times I went to see Secretary --

Mr. Schumer. That's it? OK.

Mr. Watt. And the objective, I don't know if I -- I want to be responsive, I'm not sure what --

Mr. Schumer. No, please, go ahead.

Mr. Watt. The paperwork was there and was not being processed. And they felt that she needed to get and I was soon to conclude, that she needed to get direction, to get somebody to process the paperwork that had already been there.

Now, these were projects that had already been approved. They were through the pipeline. It was just amending.

* * *

Mr. Shays. The fact is if you read the IG's report, you would really read nothing about Deborah Gore Dean, and yet if you read how the system really worked, you'd know she was front and center. In fact, we had the Secretary say if she did things, she did it without his consent, and maybe she went beyond her responsibilities. She says, according to the Wall Street Journal, that, talking about the system, and I'll read you the paragraph, it said:

At least one former HUD official, Deborah Gore Dean makes no bones about how the program was run. "It was set up and designed to be a political program. I would have to say we ran it in a political manner."

I guess for my first line of questioning -- I probably would only have one more line -- I just have to say it was a political program, political people were the ones that made the system work, regrettably. As honorably as you may have done it, regrettably you were what was necessary to unlock the key. And people in HUD who were in HUD then became key players when they got out of the system, and they made a lot of money in the process. And if the cost of doing business is \$1,000 or \$2,000 a unit to secure those units, I have to say to you it just astounds me that everyone, including yourself, wouldn't find that reprehensible.

Mr. Watt. Congressman, if I might just volunteer, in the contacts that I had with Deborah Dean, I found her to be very professional. I didn't know about any of the things you have suggested. With me she was very professional, and I felt whatever she said -- I don't remember anything specific, but I never got any impressions that she was other than perfectly loyal and -- to Secretary Pierce and did everything properly. I have no reason to suspect any of these things.

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) in or about August 1984, defendant JAMES G. WATT met with Deborah Gore Dean, first alone and then with an associate from Phoenix Associates; (b) the

purpose of defendant JAMES G. WATT's meeting with Deborah Gore Dean was to obtain her assistance in preventing and subverting competition by other developers and landlords for the Puerto Rico Moderate Rehabilitation units; (c) as a result of the meeting, a letter was sent to the Puerto Rico PHA (the PRHFC), over Secretary Pierce's signature, that was intended to discourage the PRHFC from advertising the availability of the Moderate Rehabilitation funds and holding a competitive selection process; and (d) thereafter, defendant JAMES G. WATT met with Deborah Gore Dean in 1985, in connection with Dean's promise that she would provide approximately 300 Moderate Rehabilitation units to Joseph Strauss for another project, to make up for the 300 units that had been taken away from the Moderate Rehabilitation units originally intended for the defendant JAMES G. WATT's and Strauss's Santurce projects.

(In violation of Title 18, United States Code, Section 1621)

COUNT FOURTEEN

(Concealment Before Congress Relating to Dean)

1. Paragraphs 1 and 2 of Count Thirteen are realleged and incorporated herein as though fully set forth in this Count.
2. On or about June 9, 1989, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department of the United States, that is, the Employment and Housing Subcommittee of the Committee on Government Operations of the House of Representatives of the United States of America ("Congressional Subcommittee"), knowingly and willfully falsified, concealed, and covered up by a trick, scheme, or device

material facts defendant JAMES G. WATT had a duty to disclose, and made false, fictitious, and fraudulent statements and representations, by giving the testimony to the Congressional Subcommittee set forth in Count Thirteen, which testimony is incorporated here by reference.

(In violation of Title 18, United States Code, Sections 1001)

COUNT FIFTEEN
(Perjury Before the Grand Jury Relating to Dean)

1. Paragraphs 1 and 2 of Count Five are realleged and incorporated herein as though fully set forth in this Count.
2. It was material to the investigation of the Grand Jury to determine, among other things, what contacts defendant JAMES G. WATT had with Deborah Gore Dean, Secretary Pierce's Executive Assistant.
3. At the time and place set forth in paragraph 2 of this Count, the defendant JAMES G. WATT, having duly taken an oath that he would testify truthfully before the Grand Jury, did unlawfully, knowingly, and contrary to such oath make material false declarations, as underlined in the sworn testimony set forth below:

* * *

Q. Why were you going in to see her [Deborah Gore Dean]?

A. She was the one that was going to get -- I went with Bob Gould and Joe [Strauss] and they were going to her to try to get her to use the influence of that office to get the employees to process the paperwork.

This had to do with rent allocations and technical things that I didn't understand on projects they already had paperwork going on and they just needed to finish up.

GJ 86-87

* * *

Q. And that's what you believe you spoke about in that meeting with her?

A. It was those kinds of technical things. I didn't speak on anything. I just sat there.

Q. Can you recall anything else that happened in that conversation?

A. I just sat there. They talked about several projects. I know that there is a list they went down.

Q. Which projects?

A. I don't remember. I didn't have the lead on it.

Q. Did Ms. Dean agree to do anything by the end of the meeting?

A. I'm sure she did.

Q. What did she agree to do?

A. Well, to get somebody to look at it.

Q. Did she say who?

A. If she did, I wouldn't remember. It's technical stuff like rent adjustments. I don't know what else, but that kind of stuff. Those are not decisions made by political appointees. That's not something Deborah Dean could do. It's to get somebody to do it.

GJ 90-91

* * *

Q. Before you went to this -- was this the first meeting you ever had with Ms. Dean?

A. Yes.

Q. Had you ever met her before anywhere?

A. No. That is really the only meeting I ever had with her. I met her as I went in and out of Pierce's office sometimes. This was a meeting with her.

Q. This was the only such meeting?

A. (Nodding.)

Q. The answer is yes?

A. Yes.

GJ 92-93

* * *

Q. Did you say anything at the meeting with Deborah Dean that you're describing?

A. I'm sure I said hello or something.

Q. Did you say anything other than that?

A. Not that -- I didn't have the lead.

Q. When you say you didn't have the lead, does that mean you simply sat there during the discussion?

A. Basically that's what I would have done because I'm learning. It was a learning curve then.

GJ 94

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) in or about August 1984, defendant JAMES G. WATT met with Deborah Gore Dean, first alone and then with an associate from Phoenix Associates; (b) the purpose of defendant JAMES G. WATT's 1984 meeting with Deborah Gore Dean was to obtain her assistance in preventing and subverting competition by other developers and landlords for the Puerto Rico Moderate Rehabilitation units; (c) as a result of the meeting, a letter was sent to the Puerto Rico PHA (the PRHFC), over Secretary Pierce's signature, that was intended to discourage the PRHFC from advertising the availability of the Moderate Rehabilitation funds and holding a competitive selection process; and (d) thereafter,

defendant JAMES G. WATT met with Deborah Gore Dean in 1985, in connection with Dean's promise that she would provide approximately 300 Moderate Rehabilitation units to Joseph Strauss for another project, to make up for the 300 units that had been taken away from the Moderate Rehabilitation units originally intended for the defendant JAMES G. WATT's and Strauss's Santurce projects.

(In violation of Title 18, United States Code, Section 1623)

COUNT SIXTEEN
(Concealment Before the Grand Jury Relating to Dean)

1. Paragraphs 1 and 2 of Count Fifteen of this Indictment are realleged and incorporated herein as though fully set forth in this Count.

2. At the time and place set forth above, defendant JAMES G. WATT, appearing as a witness under oath at a proceeding before the Grand Jury, knowingly, intentionally, and corruptly did influence, obstruct, and impede, and endeavor to influence, obstruct, and impede, the due administration of justice, to wit: by giving the testimony set forth in Count Fifteen, which testimony is here incorporated by reference, and thereby concealing and endeavoring to conceal from the Grand Jury that, among other things: (a) in or about August 1984, defendant JAMES G. WATT met with Deborah Gore Dean, first alone and then with an associate from Phoenix Associates; (b) the purpose of defendant JAMES G. WATT's 1984 meeting with Deborah Gore Dean was to obtain her assistance in preventing and subverting competition by other developers and landlords for the Puerto Rico Moderate Rehabilitation units; (c) as

a result of the meeting, a letter was sent to the Puerto Rico PHA (the PRHFC), over Secretary Pierce's signature, that was intended to discourage the PRHFC from advertising the availability of the Moderate Rehabilitation funds and holding a competitive selection process; and (d) thereafter, defendant JAMES G. WATT met with Deborah Gore Dean in 1985, in connection with Dean's promise that she would provide approximately 300 Moderate Rehabilitation units to Joseph Strauss for another project, to make up for the 300 units that had been taken away from the Moderate Rehabilitation units originally intended for the defendant JAMES G. WATT's and Strauss's Santurce projects.

(In violation of Title 18, United States Code, Section 1503)

**III. TESTIMONY REGARDING THE KINGSLEY PARK,
MARYLAND PROJECT**

COUNT SEVENTEEN

(Perjury Before Congress Relating to Kingsley Park)

1. Paragraphs 1 and 2 of Count One of this Indictment are realleged and incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Congressional Subcommittee to determine, among other things, how the decision was made to award Moderate Rehabilitation funding to the Kingsley Park project in Baltimore County, Maryland, and what role defendant JAMES G. WATT played in that project.

3. At the time and place set forth above, the defendant JAMES G. WATT, having duly taken an oath before the Congressional

Subcommittee, a competent tribunal, that he would testify truly, in a case in which the laws of the United States authorize an oath to be administered, did unlawfully, knowingly, willfully, and contrary to such oath state material matters which he did not believe to be true, as underlined in the sworn testimony set forth below:

* * *

Mr. Watt. One of the things I did in connection with the effort to bring into existence these 312 units of low-income housing was to visit with Secretary Sam Pierce. My objective was to get the career bureaucracy to review the application submitted to HUD by the State of Maryland's housing authority.

....

The problem was that the HUD bureaucracy was not processing the public housing authority application, which was an official entity of the State of, government of Maryland. And HUD was not processing that government's application.

....

What I wanted was to get the career bureaucracy to process and review the Maryland Public Housing Authority application.

If the project failed, that was it. If it met all the HUD requirements, it would be helpful to low-income families in the State of Maryland and the Baltimore area.

The Secretary said he would see what the delay was. I left his office with no commitment from him other than he would check into it.

* * *

Mr. Shays. And you may be a very good man, but the question that evolves with this whole system that seems to work down here. When do good men stop being good because they participate in a system that just reeks? Now what I'd like to ask you is clearly for the record, you said you spent time on a lot of technical things. Your testimony to us is that you did not participate or did not have a technical background. That still stands, doesn't it? So isn't the real issue that you were merely trying to decide who made the decision and how you could influence them to make what you thought very honorably was the right decision?

Wasn't that really your job?

Mr. Watt. That is not the case at all, Congressman. I'm glad you brought it up because we need to focus on that if that's been communicated. That is not the situation at all. I have testified repeatedly this morning that I came to the conclusion that the decisions were being made by the career employees and that the political appointees were not giving them directions.

And therefore, we had paralysis. I've testified repeatedly this morning that I never contacted those who I thought were making the decisions, the career employees. What Judy Siegel did testify to was that she felt that this project would pass any competition, but there was no competition set up. We're confident that it is a great project, and we are not afraid of competition, and we would do that. I did not influence the decision. I never contacted the people that I thought were the decision-makers.

I have been, I have tried to be clear on that.

* * *

Mr. Schumer. In other words, what you were doing was moral even though the system was wrong and should be changed? Is that your statement?

Mr. Watt. The system was paralyzed.

* * *

Mr. Watt. On Silvio DeBartolomeis, I had known him socially -- politically-socially, not a social friend but political-type thing, and I've had conversations with him, but I don't recall I ever talked to him about any specific projects, but I have had more than casual conversations.

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) there had been no delay by HUD regarding an application of funds by the Maryland PHA (the Maryland Community Development Administration); (b) the Maryland PHA applied for these 312 Moderate Rehabilitation units in 1986 at

the behest of an associate of defendant JAMES G. WATT; (c) defendant JAMES G. WATT spoke and met with Secretary Pierce contemporaneously with the Maryland PHA's request for funding for this project; (d) the decisions as to which PHAs would receive Moderate Rehabilitation funds were made by HUD's political appointees, not HUD's career employees; (e) after meeting with Secretary Pierce, and at his direction, defendant JAMES G. WATT met with acting Assistant Secretary Silvio DeBartolomeis with regard to the Kingsley Park project; and (f) defendant JAMES G. WATT also contacted Acting Assistant Secretary DeBartolomeis to secure HUD funding or benefits for other specific projects.

(In violation of Title 18, United States Code, Section 1621)

COUNT EIGHTEEN

(Concealment before Congress Regarding Kingsley Park)

1. Paragraphs 1 and 2 of Count Seventeen are realleged and incorporated herein as though fully set forth in this Count.
2. On or about June 9, 1989, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department of the United States, that is, the Employment and Housing Subcommittee of the Committee on Government Operations of the House of Representatives of the United States of America ("Congressional Subcommittee"), knowingly and willfully falsified, concealed, and covered up by a trick, scheme, or device material facts defendant JAMES G. WATT had a duty to disclose, and made false, fictitious, and fraudulent statements and representations, by giving the testimony to the Congressional

Subcommittee set forth in Count Seventeen, which testimony is incorporated here by reference, and by submitting to the Congressional Subcommittee a statement that incorporated portions of that testimony.

(In violation of Title 18, United States Code, Section 1001)

COUNT NINETEEN

(Perjury Before the Grand Jury Relating to Kingsley Park)

1. Paragraphs 1 and 2 of Count Five are realleged and incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Grand Jury to determine, among other things, how the decision was made to award Moderate Rehabilitation funding to the Kingsley Park project in Baltimore County, Maryland, and what role defendant JAMES G. WATT played in that project.

3. At the time and place set forth above, the defendant JAMES G. WATT, having duly taken an oath that he would testify truthfully before the Grand Jury, did unlawfully, knowingly, and contrary to such oath make material false declarations, as underlined in the sworn testimony set forth below:

* * *

Q. Was the action here intended to make sure that this public housing authority got the units?

A. Our purpose was to get the units to the public housing authority so that they could make the selection as to the priority. We knew that Washington politicals wouldn't make the decision. We felt that this project was so good with the endorsement of Governor Schaefer, the endorsement of the state, the endorsement of the city and county of Baltimore, that it would win any competitive deal if there was a competitive deal but there had to be units allocated before

you could have a competitive situation.

GJ 129

* * *

Q. She [Judith Siegel] never told you who was holding up Kingsley Park, is that right?

A. Oh, she may have. It wasn't important for me to know. I wasn't there to squeal on any person. I was fighting the system.

GJ 165

* * *

Q. Do you have any knowledge at all from any source of how Maryland ranked this project?

A. Yes, I do. We had, and you will have it probably here somewhere, we had a letter from Governor Schaefer, signed by Governor Schaefer. When I talked to Pierce I said, "You will find in your files a letter from Governor Schaefer."

GJ 130

* * *

Q. Prior to the execution of the May 2 agreement that you have before you, sir, had you performed any work on the Kingsley Park project?

A. It had been the subject of discussions for a period of time, the planning and tax consequences, options to buy. Those were just general consulting roles and responsibilities. All of us recognized that if they didn't come to fruition there was no payout to anybody, so you had to -- did we talk about it? Yes. Was that part of the work? Some people think that lawyers never work when they're talking. How would you define it?

GJ 142

* * *

Q. Do you remember when you had the meeting, the date of the meeting with the Secretary?

A. I do not.

GJ 152

* * *

Q. Did you and he [Joseph Strauss] discuss what you ought to say to Secretary Pierce?

A. No. Joe would never tell me what to tell Secretary Pierce.

GJ 148

* * *

Q. Did he [Secretary Pierce] direct you to anyone else in particular?

A. No, he did not. He said he would look into it. That's all I could ask of him.

GJ 160

* * *

Q. Did you ever meet Silvio DeBartolomeis in his office?

A. I don't think so.

GJ 186

* * *

Q. Did you send a copy of this letter [dated June 6, 1986, from defendant JAMES G. WATT to Secretary Pierce] to anyone else?

A. I don't think so. It would be noted if I did.

GJ 168

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) there had been no delay by HUD regarding an application of funds by the Maryland PHA (the Maryland Community Development Administration); (b) the decisions as to which PHAs would receive Moderate Rehabilitation funds were made by HUD's political appointees, not HUD's career employees; (c) the Maryland PHA applied for these 312 Moderate Rehabilitation

units in 1986 at the behest of an associate of defendant JAMES G. WATT; (d) defendant JAMES G. WATT spoke and met with Secretary Pierce contemporaneously with the Maryland PHA's request for funding for this project; (e) defendant JAMES G. WATT's meeting with Secretary Pierce took place in April 1986, before defendant JAMES G. WATT signed the retainer agreement; (f) Joseph Strauss had told defendant JAMES G. WATT to remind Secretary Pierce at that meeting that approximately 300 units had been taken away from Strauss and defendant JAMES G. WATT in connection with their Santurce, Puerto Rico project; (g) after meeting with Secretary Pierce, and at his direction, defendant JAMES G. WATT met with acting Assistant Secretary Silvio DeBartolomeis in his office at HUD with regard to the Kingsley Park project; and (h) defendant JAMES G. WATT wrote a letter to Silvio DeBartolomeis thanking him "for making it happen" and enclosing a copy of the letter that defendant JAMES G. WATT had sent to Secretary Pierce.

(In violation of Title 18, United States Code, Section 1623)

COUNT TWENTY

(Concealment Before the Grand Jury Relating to Kingsley Park)

1. Paragraphs 1 and 2 of Count Nineteen are realleged and incorporated herein as though fully set forth in this Count.

2. At the time and place set forth in paragraph 2 of Count Eight of this Indictment, defendant JAMES G. WATT, appearing as a witness under oath at a proceeding before the Grand Jury, knowingly, intentionally, and corruptly did influence, obstruct, and impede, and endeavor to influence, obstruct, and impede, the

due administration of justice, to wit: by giving the testimony set forth in Count Nineteen, which testimony is incorporated here by reference, and thereby concealing and endeavoring to conceal from the Grand Jury that, among other things: (a) there had been no delay by HUD regarding an application of funds by the Maryland PHA (the Maryland Community Development Administration); (b) the decisions as to which PHAs would receive Moderate Rehabilitation funds were made by HUD's political appointees, not HUD's career employees; (c) the Maryland PHA applied for these 312 Moderate Rehabilitation units in 1986 at the behest of an associate of defendant JAMES G. WATT; (d) defendant JAMES G. WATT spoke and met with Secretary Pierce contemporaneously with the Maryland PHA's request for funding for this project; (e) defendant JAMES G. WATT's meeting with Secretary Pierce took place in April 1986, before defendant JAMES G. WATT signed the retainer agreement; (f) Joseph Strauss had told defendant JAMES G. WATT to remind Secretary Pierce at that meeting that approximately 300 units had been taken away from Strauss and defendant JAMES G. WATT in connection with their Santurce, Puerto Rico project; (g) after meeting with Secretary Pierce, and at his direction, defendant JAMES G. WATT met with acting Assistant Secretary Silvio DeBartolomeis in his office at HUD with regard to the Kingsley Park project; and (h) defendant JAMES G. WATT wrote a letter to Silvio DeBartolomeis thanking him "for making it happen" and enclosing a copy of the letter that defendant JAMES G. WATT had sent to Secretary Pierce.

(In violation of Title 18, United States Code, Section 1503)

IV. OBSTRUCTION

COUNT TWENTY-ONE
(Perjury Before the Grand Jury Regarding Records)

1. Paragraphs 1 and 2 of Count Five of this Indictment are realleged and incorporated herein as though fully set forth in this Count.

2. It was material to the investigation of the Grand Jury to determine, among other things, what records existed regarding defendant JAMES G. WATT's involvement in HUD's Moderate Rehabilitation Program and in the subsequent investigations of that Program.

3. At the time and place set forth in paragraph 2 of this Count, the defendant JAMES G. WATT, having duly taken an oath that he would testify truthfully before the Grand Jury, did unlawfully, knowingly, and contrary to such oath make material false declarations, as underlined in the sworn testimony set forth below:

* * *

Q. Do you have any records of these phone conversations [with Strauss regarding testimony before the Congressional Subcommittee?]

A. No.

GJ 65

* * *

Q. Did you keep any notes of your telephone conversations with Mr. Strauss?

A. Not at all. I never keep notes of those things.

GJ 67

* * *

Q. And there are other drafts [of your statement to the Congressional Subcommittee] that you do not have copies of?

A. I work on a computer, Mac Plus, and I change them all the time. I wouldn't have another hard copy.

Q. Do you have anything on disk that is not represented by the hard copy?

A. No, because I do it over.

GJ 68

* * *

Q. Do you have any memoranda of the conversation or the meeting you had with Mr. Pierce [on Kingsley Park]?

A. I intentionally don't make such memoranda so that lawyers like you won't be able to get them.

Q. Well, it works.

A. Yes.

GJ 147

* * *

Q. In connection with Kingsley Park, did you ever see a feasibility analysis prepared by lawyers for Phoenix Associates?

A. I'm sure I did.

Q. Do you have a copy of that document?

A. I keep no records on anything.

GJ 171

* * *

4. The underlined answers set forth in the preceding paragraph were false, as the defendant JAMES G. WATT then and there well knew, in that, among other things: (a) defendant had in his possession, and had not produced to the Grand Jury, detailed records regarding his business activities, including his HUD activities; (b) included among those records were telephone logs and telephone billing records that referenced, among other things,

calls from Joseph Strauss prior to the Congressional Subcommittee Hearings; (c) those records also included computer disks that contained materially different versions of defendant JAMES G. WATT's statement to Congress; and (d) those records also included correspondence that reflected defendant JAMES G. WATT's first meeting with Secretary Pierce.

(In violation of Title 18, United States Code, Section 1623)

COUNT TWENTY-TWO
(Concealment Before the Grand Jury Relating to Records)

1. Paragraphs 1 through 2 of Count Twenty-One are realleged and incorporated herein as though fully set forth in this Count.
2. At the time and place set forth above, defendant JAMES G. WATT, appearing as a witness under oath at a proceeding before the Grand Jury, knowingly, intentionally, and corruptly did influence, obstruct, and impede, and endeavor to influence, obstruct, and impede, the due administration of justice, to wit: by giving the testimony set forth in Count Twenty-One, which testimony is incorporated here by reference, and thereby concealing and endeavoring to conceal from the Grand Jury that (a) defendant had in his possession, and had not produced to the Grand Jury, detailed records regarding his business activities, including his HUD activities; (b) included among those records were telephone logs and telephone billing records that referenced, among other things, calls from Joseph Strauss prior to the Congressional Subcommittee Hearings; (c) those records also included computer disks that

contained materially different versions of defendant JAMES G. WATT's statement to Congress; and (d) those records also included correspondence that reflected defendant JAMES G. WATT's first meeting with Secretary Pierce.

(In violation of Title 18, United States Code, Section 1503)

COUNT TWENTY-THREE
(False Statements to the FBI Regarding Records)

1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.

2. In or about 1990, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department and agency of the United States, that is, the Office of Independent Counsel and the Federal Bureau of Investigation, knowingly and willfully falsified, concealed, and covered up by a trick, scheme, or device material facts defendant JAMES G. WATT had a duty to disclose, to wit:

(1) defendant JAMES G. WATT wrote and sent a letter, dated 6/6/90, to a Special Agent of the Federal Bureau of Investigation in response to a Grand Jury Subpoena issued to defendant JAMES G. WATT on or about May 23, 1990, in which letter, among other things:

(a) defendant JAMES G. WATT stated that "I have no such documents" responsive to the subpoena's request for "[a]ll documents relating to HUD's Section 8 Moderate Rehabilitation program," including "all documents relating to any projects for which Section 8 Moderate

Rehabilitation funding" was sought and "all documents relating to any communications regarding any aspect of the Section 8 Moderate Rehabilitation program";

(b) defendant JAMES G. WATT stated that "I did not have any written correspondence concerning Sec. 8 Mod-Rehab. Funding or any other subject matter with anyone in HUD," apart from a single enclosed letter to Secretary Pierce dated June 6, 1986;

(c) defendant JAMES G. WATT stated that "I did not document the many phone conversations I had with my business associates or the few conversations I had with the HUD officials";

(d) defendant JAMES G. WATT stated that "I do not keep such records but had many meetings with my business associates ...," in response to the subpoena's request for "all of your calendars, calendar pads, daybooks, appointment books, or diaries, relating to" the HUD employees and housing consultants, including defendant JAMES G. WATT's associates, listed on the attachments to the subpoena;

(e) defendant JAMES G. WATT stated that "[e]nclosed you will find copies of the deposit slips from the banks for the money I was paid by my business associates," in response to the subpoena's request for "all financial records relating" to those associates; and

(f) defendant JAMES G. WATT stated that "I never

transferred anything to anyone in HUD, thus I have no documents" regarding the transfer of value to anyone at HUD.

3. The statements by defendant JAMES G. WATT set forth in the preceding paragraph falsified, concealed, and covered up material facts, including, that defendant JAMES G. WATT did have, and concealed until December 1994, January 1995, and February 1995, among other things (a) documents relating to housing projects for which he and his associates sought Moderate Rehabilitation funding, including a 1984 letter to Joseph Strauss reporting defendant JAMES G. WATT's telephone conversation with Lance Wilson regarding the Santurce and Puerto Rico projects; (b) written correspondence with HUD officials, including a 1984 letter to Secretary Pierce, a 1984 letter to Assistant Secretary Barksdale, and a 1986 letter to Acting Assistant Secretary DeBartolomeis; (c) notes and billing records relating to telephone conversations with his business associates and HUD officials; (d) calendars, calendar pads, daybooks, appointment books, and diaries that referred to the individuals set forth on the attachments to the subpoena, including HUD officials and his business associates; (e) financial records relating to the individuals set forth on the attachments to the subpoena, including a deposit slip for a \$100,000 payment by his associates relating to the Santurce project; and (f) credit card records relating to meals provided to a HUD official.

(In violation of Title 18, United States Code, Section 1001)

COUNT TWENTY-FOUR
(False Statements By Defendant's Agent Regarding Records)

1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.

2. In or about 1995, within the District of Columbia and elsewhere, defendant JAMES G. WATT, in a matter within the jurisdiction of a department and agency of the United States, that is, the Office of Independent Counsel and the Federal Bureau of Investigation, knowingly and willfully falsified, concealed, and covered up by a trick, scheme, or device material facts defendant JAMES G. WATT had a duty to disclose, to wit:

(1) defendant JAMES G. WATT, through a letter from an agent on January 17, 1995, represented that his production pursuant to the May 23, 1990 subpoena was complete.

3. The statements by defendant JAMES G. WATT, through his agent, set forth in the preceding paragraph falsified, concealed, and covered up material facts, that is, that he still had not produced documents required to be produced by the May 23, 1990 subpoena, including, among other items, an April 16, 1984 letter to HUD Secretary Pierce, a May 21, 1984 letter to Joseph Strauss, a September 5, 1984 letter to HUD Assistant Secretary Barksdale, a May 8, 1986 invoice for delivery of a package to acting Assistant Secretary DeBartolomeis, and financial records relating to defendant JAMES G. WATT's payments in connection with HUD projects.

(In violation of Title 18, United States Code, Section 1001)

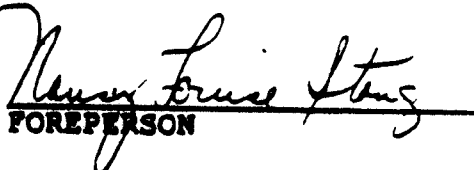
COUNT TWENTY-FIVE
(Obstruction of Justice By Concealment of Documents)


1. The Introduction to this Indictment is realleged and incorporated herein as though fully set forth in this Count.

2. Beginning in or about 1990, and continuing thereafter up to including 1995, within the District of Columbia and elsewhere, defendant JAMES G. WATT, corruptly obstructed and impeded, and endeavored to obstruct and impede, the due administration of justice, by withholding and concealing documents called for by a Grand Jury Subpoena for documents issued to defendant JAMES G. WATT on or about May 23, 1990.

(In violation of Title 18, United States Code, Section 1503 and 2).

A TRUE BILL


FOREPERSON


ARLIN M. ADAMS
INDEPENDENT COUNSEL