Congress of the United States
Washington, DC 20515

May 9, 2006

The Honorable Alphonso Jackson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Secretary Jackson:

We are writing to request information about your recent statements that you have awarded HUD contracts based on contractors' political views rather than the best value to the taxpayer. Such a practice would be contrary to federal procurement law and an abuse of the public trust.

According to the *Dallas Business Journal*, you were a featured speaker at a minority real estate forum in Dallas on April 28. During your speech, you reportedly relayed the story of a contractor who sought a HUD advertising contract. You explained:

> He made a heck of a proposal and was on the (General Services Administration) list, so we selected him. He came to see me and thank me for selecting him. Then … he said, "I have a problem with your President." I said, "What do you mean?" He said, "I don't like President Bush."[1]

You then told the audience:

> He didn't get the contract. … Why should I reward someone who doesn't like the president, so they can use funds to try to campaign against the president? Logic says they don't get the contract. That's the way I believe.[2]

If this account is accurate, your comments and actions were improper and most likely illegal. Federal contracts should be awarded based on merit, not on whether a contractor likes or dislikes President Bush.

A fundamental principle of government contracting is that "[g]overnment business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none."[3] According to the Federal Acquisition Regulation (FAR), the actions of government officials "must … be such that they would have no reluctance to make a full public disclosure of their actions."[4] A competitive

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[1] *HUD Secretary's Blunt Warning*, Dallas Business Journal (May 5, 2006).

[2] *Id.*

[3] Federal Acquisition Regulation, 48 CFR 3.101-1.

[4] *Id.*

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procurement process should provide the best value for the taxpayer and be free of extraneous political influence.

In your case, however, the "wall" that should exist between procurement decisions and political considerations was apparently nonexistent. If the news account is accurate, you explicitly admitted to barring a contractor who "made a heck of a proposal" when you learned that he did not support President Bush. And you reportedly expressed concern that any profits made from the contractor's work might end up being used in a political campaign against the President. Your statements imply that you view government contracts as "rewards" to be doled out to political supporters.

In light of your comments, Congress has a responsibility to initiate an examination of all HUD contracting decisions during your tenure as Secretary. We request that you provide:

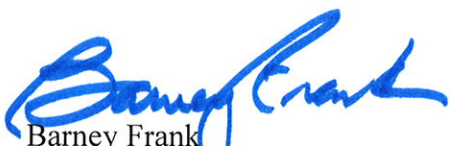
(1) All documents related to the advertising contract you discussed in your April 28, 2006, speech; and

(2) All documents related to any other contract that you personally reviewed, approved, or were involved with during your time at HUD.

Regardless of whether ethical or contracting rules were violated, the appearance of impropriety can have a damaging effect on public confidence in the Department. This appearance can best be mitigated through full disclosure.

Sincerely,

Henry A. Waxman
Ranking Minority Member
House Committee on Government Reform



Barney Frank
Ranking Minority Member
House Committee on Financial Services