

Housing Authority Ad Back-Up 5/21/10

SCRIPT	VISUAL	BACK-UP
<p>Frances Williams: “Five million dollars was just wasted. Five million dollars squandered.”</p>	<p>“Whistle-Blower” Frances Williams</p>	<p>Most Of The Housing Authority System Collapsed In 2006 When The Albuquerque-Based Region III Housing Authority Defaulted On \$5 Million In Bonds It Owed The State. According to the New Mexico Independent, “Most of the housing authority system collapsed in 2006 when the Albuquerque-based Region III Housing Authority defaulted on \$5 million in bonds it owed the state. Soon thereafter the State Investment Council released a report that found widespread misuse of the bond money, which was supposed to be spent on houses. In January the state auditor released his offices long-awaited reports. Attorney General Gary King is investigating.” [New Mexico Independent, 3/31/09]</p> <p>The State Investment Council Filed A Lawsuit Against Vincent “Smiley” Gallegos Seeking Repayment Of \$5 Million Plus Interest. According to Bloomberg, “Five months after the CDR-related deal, [Vincent “Smiley”] Gallegos and [bond attorney Robert] Strumor managed the separate \$5 million sale of housing bonds to the State Investment Council. Under Gallegos, the authority then provided free housing to political allies, including a metropolitan court judge who dismissed a traffic citation against him, according to a disciplinary action at the state Judicial Standards Commission ... Region III ran out of money and defaulted on the bonds less than three years after issuing them, according to the civil lawsuit the investment council filed in May 2008 against Gallegos and Strumor in state court in Bernalillo County. The complaint seeks repayment of the \$5 million plus interest.” [Bloomberg, 11/2/09]</p> <p>The State Investment Council Sued Vincent Gallegos And Robert M. Strumor To Recoup Over \$5 Million In Bond Money. According to the State of New Mexico, State Investment Council and State Investment Office vs. Vincent Gallegos, Hughes & Strumor, Ltd. Co., and Robert M. Strumor, “Region III, Inc. defaulted on the Series 2003A Bond by failing to repay the principal amount before the maturity date of June 1, 2006. As a result of the default, the SIC has an actionable breach of contract claim against Region III Inc... As of May 1, 2008, Region III, Inc. owes SIC the principle amount of \$5,025,463.85 with interest accruing at a rate of 6.5 percent per year.” [State of New Mexico, State Investment Council, State Investment Office vs. Vincent Gallegos, John Doe, Jane Doe, Hughes & Strumor Ltd Co, and Robert Strumor, CV-2008-04-383, 5/2/08]</p> <p>“Whistle-Blower” Frances Williams Told Anyone Who Would Listen That Something Was Wrong In Housing Authority. According to Albuquerque Journal columnist Thomas J. Cole, “We also need to recognize someone else: Frances Williams, who worked on the board of another state housing authority in Las Cruces and in early 2006 told me and anyone else who would listen that something was amiss at the Albuquerque agency. I published my first story on the housing authority not long after Williams contacted me. Gallegos struck back by filing a libel/slander lawsuit against the whistle-blower in 2006. The case was later dismissed. Williams did right, too.” [Columnist, Thomas J. Cole, Albuquerque Journal, 6/27/09]</p>

<p>Announcer: When whistle-blower Frances Williams uncovered corruption at the Housing Authority she needed someone to take on Santa Fe insiders. She turned to Diane Denish.</p>	<p>“Abuses at Every Level”</p> <p>“Potentially one of the worst scandals in New Mexico history” Rep. Dan Foley (Roswell) Albuquerque Journal March 13, 2007</p>	<p>Denish Commended Regional Housing Authority Board Member Frances Williams For Focusing Attention On Corruption. Denish took the lead role from the executive branch to work with Senator Papen to pass legislation to reform the Regional Housing Authority. Denish credited the work of Frances Williams in focusing attention on the problem. “Papen [Sen. Mary Kay Papen] is traveling, and could not be at the bill-signing. She said in a prepared statement she believes the bill will restore public confidence in the state’s affordable housing system. ‘Our Doña Ana Regional Housing Authority was in crisis, and Lt. Gov. Diane Denish was willing to step forward and work with me to take on the difficult task of fighting to restore the public trust and fixing a system long overdue for reform,’ Papen said in a prepared statement. Denish credited former Doña Ana Regional Housing Authority Board Member Frances Williams for focusing attention on the problem and pushing for a legislative solution... It was the lieutenant governor who played the leading role from the executive branch in working for the bill.” [Alamogordo Daily News, 3/28/07]</p> <p>Member Of Housing Board, Frances Williams Said Taxpayer Money Was Not Spent On Affordable Housing. Frances Williams, who served on housing board, said it was sad that \$5 million from New Mexico’s State Investment Council was squandered. “New Mexico’s State Investment Council, chaired by Richardson, is suing Gallegos [Vincent “Smiley” Gallegos], alleging ‘fraud and deceit’ and seeking to recover \$5 million it invested in the housing authority. ‘It’s a very sad tale and \$5 million of our taxpayer money that was meant for housing -- for people who needed it -- didn’t get built,’ said Frances Williams, who served on a state housing board in Las Cruces that contracted Region III’s management from 2004 to 2006. ‘It was squandered and stolen.’” [Bloomberg, 11/2/09]</p> <p>State Auditor Hector Balderas Said His Audits Of The Albuquerque-Based Region III Housing Authority Showed “Abuses At Every Level.” According to KRQE, “Board members and employees of the Albuquerque-region New Mexico Housing Authority stole \$5 million from the poor and gave to themselves, an audit...revealed. State Auditor Hector Balderas told KRQE News 13 he’d never seen anything like it. ‘This train wreck could have been prevented,’ Balderas said. The operations of a public agency that was supposed to help low-income New Mexicans find shelter instead operated as an elaborate scheme, he added. It is the New Mexico Housing Authority’s job is to locate and build low-income housing in the state. However the authority’s Albuquerque-based Region III ran wild between 2005 and 2007, according to the audit. ‘They misspent that \$5 million on personal expenses, salaries, retirement, trips to Las Vegas Gucci handbags,’ Balderas said...‘It was a three-year process,’ he said. ‘It was a very sophisticated system in which to pump money through what looked like legitimate expenses. But when you look a little further there was abuses at every level.’” [KRQE, 4/23/10]</p> <p>House Minority Whip Dan Foley Said Housing Authority Was Potentially One Of Worst Scandals In New Mexico History. According to an editorial in the Albuquerque Journal, “The state’s regional housing authorities have been plagued with problems. Only two of seven created in the 1970s are still running. And House Minority Whip Dan Foley, R-</p>
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<p>Frances Williams: “Diane listened to me. She was outraged, she took action, she investigated.”</p>	<p>Denish “Spearheading” Push for Reform, Associated Press 3/15/07</p>	<p>Denish Backed Bipartisan Bill To Revamp Regional Housing Authorities; Republican Called Legislation Greatest Ethics Bill Of Session. According to the Alamogordo Daily News, “House Republicans touted a bill to revamp the state’s troubled Regional Housing Authorities as their main contribution to ethics reform. The measure was backed by several Democrats, including Lt. Gov. Diane Denish and Sen. Mary Kay Papen, D-Las Cruces. It will place stricter regulations on the housing authorities and force them to report more frequently to state officials. ‘I think the greatest ethics bill that came out of this session was the housing authority (legislation),’ said House Minority Floor Leader Dan Foley, R-Roswell. ‘We’re going to restore the public’s trust.’” [Alamogordo Daily News, 3/17/07]</p> <p>Denish “Pushed Heavily” To Get House And Senate To Sign Off On Housing Authority Reform. According to the Alamogordo Daily News, “The state’s troubled regional housing authorities would remain intact but without bonding authority and with much tougher scrutiny, under a compromise bill reached in the early hours of the Legislature’s final day. The heavily revised bill approved by a House panel at about 12:30 a.m. Saturday would allow housing authorities to continue to exist, but be overseen by at least three other governmental entities. Earlier legislation had proposed they be dissolved altogether...Initial bills would have transferred the housing authority duties to the New Mexico Mortgage Finance Authority, which would have farmed out the task of providing low-income housing to local entities and non-profit groups. The new version keeps local boards that oversee the housing entities intact, but they would be forced to report quarterly to the Mortgage Finance Authority, state Finance Department and Legislative Finance Committee, starting in October of this year...Lt. Gov. Diane Denish pushed heavily for changes to housing authorities and spent much of Thursday and Friday seeking a compromise bill, along with a panel of House legislators. Both the House and Senate signed off on the bill Saturday morning.” [Alamogordo Daily News, 3/17/07]</p> <p>2009: Denish Announced Additional Regional Housing Authority Legislation To Achieve Comprehensive Reform. According to the New Mexico Independent, “Lt. Gov Diane Denish announced today that she will back comprehensive reform of the state’s regional housing authorities in the upcoming legislative session. Denish said she will support a bill sponsored by Sen. Mary Kay Papen, D-Las Cruces, that would build on the reforms approved in 2007 following a scandal that toppled most of the state’s housing authority system. ‘I will do everything in my power to protect New Mexicans and to be sure we meet affordable housing demands where they are greatest, especially in rural areas where resources are thin,’ Denish said in a news release.” [New Mexico Independent, 1/9/09]</p> <p>In “Spearheading” Push For Housing Authority Reform, Denish Said Lobbyists And Politics Were Slowing Progress. Denish spearheaded the push for reform in the Regional Housing Authorities and accused politics</p>

		<p>and Vincent “Smiley” Gallegos of working to hold it up. “With just three days to go in the legislative session, a bill to overhaul the regional housing authority system was stuck in committee, and Lt. Gov. Diane Denish had a simple explanation: politics. Denish said...the former executive director of the scandal-plagued Region III Housing Authority in Albuquerque has been lobbying lawmakers against the measure. Vincent ‘Smiley’ Gallegos resigned in August, after the authority defaulted on \$5 million in bonds it sold to the State Investment Council... ‘He’s had a presence at the roundhouse and he’s clearly stating his case... I think there’s some politics involved,’ said Denish, who is spearheading the administration’s push for the bill. ‘I think that definitely slowed the progress of the bills.’” [AP, 3/15/07]</p>
<p>Announcer: Today four people are under indictment and the Housing Authority has tough oversight because Diane Denish wouldn’t back down.</p>	<p>www.DianeDenish.com/whistleblower</p>	<p>The Attorney General Indicted Former Legislator And Region III Housing Authority Director Vincent Smiley Gallegos And Three Others. According to Heath Haussamen, “An indictment is only the first step in the formal process of government prosecutors attempting to convict those they accuse of crimes. In this case, the indictments of former legislator and Region III Housing Authority Director Vincent “Smiley” Gallegos and three others were three years in the making. The scandal first captured headlines in 2006 when the Albuquerque-based Region III authority defaulted on \$5 million in bonds it owed the state. The State Investment Council (SIC) and state auditor have found widespread misuse of the bond money, which was supposed to be spent on affordable housing.” [Blog, Heath Haussamen on N.M. Politics, 6/19/09]</p> <p>Denish Signed Regional Housing Authority Legislation; Bill Passed Through A Compromise She Helped Broker. According to the Associated Press, “Lt. Gov. Diane Denish has signed into law a plan to reform the state’s troubled regional housing authorities. Denish said the new law ‘ensures that taxpayer dollars are spent judiciously’ in the effort to provide affordable housing. At a ceremony in Albuquerque, Denish signed a compromise she helped forge in the final hours of the legislative session when the bill was stuck in the House. She was acting governor on Wednesday because Gov. Bill Richardson was out of state, campaigning for the 2008 Democratic presidential nomination.” [AP, 3/29/07]</p> <p>Denish Urged Reform In 2007 In Light Of Allegations Of Corruption; She Pushed For Additional Legislation In 2009. Denish successfully pushed for reform of Housing Authorities in 2007 and said the bill in 2009 would better protect taxpayer’s dollars. “A bill overhauling the state’s affordable-housing authorities is on its way to the governor. The House...unanimously approved legislation reorganizing the state’s regional housing authority system and creating tougher oversight of the projects the three new regions oversee. The authorities are responsible for disbursing federal rent subsidies and managing affordable home ownership programs. The bill is a follow-up to reform enacted in 2007 at the urging of Lt. Gov. Diane Denish in the wake of allegations of corruption in an Albuquerque-based authority run by ex-lawmaker Vincent ‘Smiley’ Gallegos.” [AP, 3/18/09]</p> <ul style="list-style-type: none"> • Denish Successfully Pushed For Legislation To Ensure Proper Oversight Over Regional Housing Authority. According to the Associated Press, “I have been working for several years to

		<p>overhaul the regional housing authority system with a focus on ensuring effective oversight to prevent abuse and corruption,' Denish said in a statement following the vote. Her successful push for reform in 2007 severely restricted the authorities' autonomy, removing their ability to issue bonds and providing closer scrutiny by the Mortgage Finance Authority and the state Department of Finance and Administration. The bill also had passed the Senate unanimously. 'With passage of this bill, we will be able to better protect taxpayer dollars while stimulating rural economies all over New Mexico,' Denish said. 'Proper oversight will also allow us to expand housing rehabilitation and development services for more families.'" [AP, 3/18/09]</p>
<p>Frances Williams: "She has the courage of her conviction, she will get it done."</p>	<p>Paid For By The Committee To Elect Diane D. Denish, Inc., Ted F. Martinez, Chair Diane Denish</p>	