

March 13, 1998

Ms. Pat Morgan  
Director, Office of the Executive Secretariat  
U.S. Department of Housing and Urban Development  
451 Seventh Street, SW, Room 10139  
Washington, D.C. 20410-0500

Via Fax to (202) 619-8365

Re: Freedom of Information Act Request  
Documents Related to Ernst & Young's Involvement with Mark-to-Market

Dear Ms. Morgan:

On October 13, 1997, it was reported that Ernst & Young was fired by HUD because of the illegal interagency contract awards by HUD for Mark-to-Market services. See copy of article attached. Ernst & Young was also apparently involved in lobbying and writing testimony on behalf of HUD relating to Mark-to-Market. In coordination with Nancy Andrews, Helen Dunlap and Hamilton Securities, Ernst & Young also authored the flawed Multifamily Portfolio Reengineering Study that overstated repair and reserve requirements, ignored the tax impact on project investors and ignored the supply-demand implications of Mark-to-Market on tax credit or other affordable housing properties.

Despite these concerns that should have disqualified them from future work, HUD initially attempted to force follow-on Mark-to-Market task order awards to Ernst & Young under its Financial Advisory contract. When that was unsuccessful, HUD shifted the vehicle to a totally unrelated Management Studies contract with Ernst & Young. Apparently, Scott Heilman had to camp out in the Office of Procurement and Contracts while political influence was brought to bear to allow Ernst & Young to be eligible to bid on the Management Studies task order even though everyone recognizes that there is a compelling need for new and objective thinking on this initiative.

Under the provisions of the Freedom of Information Act, please provide us with copies of:

- ▶ All correspondence between HUD and Ernst & Young regarding Ernst & Young's eligibility to bid on this task order.
- ▶ The decision not to procure these services under the Financial Advisory contracts.
- ▶ The decision to procure these services under the Management Studies contracts.
- ▶ The decision not to procure these services under full and open competition.

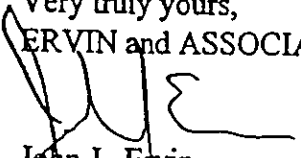
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- ▶ Any Inspector General, GAO or other studies of Ernst & Young's April 1996 Multifamily Portfolio Reengineering Study.
- ▶ Any correspondence between HUD and Congressional or regulatory bodies regarding Ernst & Young's involvement in Mark-to-Market activities.

This information should be readily available in HUD's contracting and Mark-to-Market files and should require minimal effort to produce. However, Ervin and Associates agrees to pay up to \$25 for the processing of this request. If the anticipated fees are to exceed \$25, please call me at (301) 469-3404 so I may have an opportunity to revise the request.

Very truly yours,  
ERVIN and ASSOCIATES, INCORPORATED



John J. Ervin  
President

cc: Howard Glaser  
Tania Calhoun, Esquire - GAO (B-279083)