

The San Francisco
INVESTIGATOR

The newsletter for people who do not trust City Hall

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How Graft Works

IGNORE THE HYPE – FOLLOW THE MONEY

I CANNOT ACCEPT YOUR CANON THAT WE ARE TO JUDGE POPE AND KING UNLIKE OTHER MEN, WITH A FAVORABLE PRESUMPTION THAT THEY DID NO WRONG. IF THERE IS ANY PRESUMPTION IT IS THE OTHER WAY AGAINST HOLDERS OF POWER, INCREASING AS THE POWER INCREASES. HISTORIC RESPONSIBILITY HAS TO MAKE WAY FOR THE WANT OF LEGAL RESPONSIBILITY. POWER TENDS TO CORRUPT AND ABSOLUTE POWER CORRUPTS ABSOLUTELY. GREAT MEN ARE ALMOST ALWAYS BAD MEN, EVEN WHEN THEY EXERCISE INFLUENCE AND NOT AUTHORITY: STILL MORE WHEN YOU SUPERADD THE TENDENCY OR CERTAINTY OF CORRUPTION BY AUTHORITY. THERE IS NO WORSE HERESY THAN THAT THE OFFICE SANCTIFIES THE HOLDER OF IT... AND THAT THE END JUSTIFIES THE MEANS. HERE ARE THE GREATER NAMES COUPLED WITH THE GREATER CRIMES. YOU WOULD SPARE THESE CRIMINALS, FOR SOME MYSTERIOUS REASON. I WOULD HANG THEM HIGH... FOR REASONS OF OBVIOUS JUSTICE; STILL MORE, STILL HIGHER, FOR THE SAKE OF HISTORICAL SCIENCE.

Lord Acton.
The History of Liberty

The Mayor directly supervises a dozen agencies—ranging from the Criminal Justice Council to Office of Commuter Assistance. In this issue, we examine the hidden character of two of the City’s most politically-charged agencies: Mayor’s Office of Community Development & Mayor’s Office of Housing.

MOCD funnels grant and loan dollars into the hands of its sister agencies and politically connected “non-profit” social service organizations. MOH loans and grants money to real-estate developers and facilitates deals. Both agencies are guided directly by the Mayor in determining who gets funded—and who does not.

MOCD controls an annual \$27 million disbursement of Federal Block Grant funds. MOH channels hundreds of millions in Redevelopment and Housing Bond moneys to firms in favor with His or Her Honor.

These dollars flow to organizations that support whomever is in power. There is no accountability or program monitoring. Some organizations use the funds well—others abscond with the money. Failure to deliver taxpayer-funded services carries no penalty.

The City’s balance sheet carries \$63 million in outstanding loans to non-profit organizations and privately-owned firms. The

BOONDOGGLE

to waste time on pointless and unnecessary work.

GRAFT

the unscrupulous use of one’s public position to derive profit or advantage.

BOODLE

money accepted as a bribe.

BRIBE

something, such as money, used to gain influence.

— WEBSTERS DICTIONARY

City’s accountant—Controller Ed Harrington—informed SFI that his department does not possess any data on the status of these loans. SFI learned that MOCD loans had a combined delinquency and default rate of over fifty percent in 1993!

The Bureau of Delinquent Revenue wrote SFI that—since 1990—City agencies have only referred four (4) defaulted loans—totaling \$50,000—for collection. The rest were either “forgiven,” or written off as bad debts.

MOH typically processes unsecured, multi-million dollar loans to developers at below-market interest rates. MOH shepherds intricate bond-financed deals through the careless bureaucracy—and makes gifts of public funds to real-estate speculators. Not even Harvey Rose can keep up with MOH’s

twisting trail of deeds.

To demonstrate the workings of MOCD & MOH, we picked two deals to describe in detail. The “San Francisco Senators Boondoggle” started under the Feinstein administration and has carried through to the present. Mayor Art Agnos initiated the “Geary Courtyard Bond Sham”—before he moved over to HUD. Mayor Willie Brown—and his fiscally supercilious Supervisors—can take the credit for many similar deals.

Every fact in each story is documented with public records. On-site investigation and interviews were conducted.

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