



Department of Justice

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FORMER CHAIRMAN OF BEXAR COUNTY HOUSING AUTHORITY BOARD CHARGED WITH DEPRIVATION OF HONEST SERVICES

United States Attorney Johnny Sutton announced that San Antonio businessman and former Chairman of the Bexar County Housing Authority Board Carlos Madrid, Jr., is charged federally with deprivation of honest services by advocating and voting on matters while concealing his true financial interests in those matters.

The charge, contained in a one-count Information unsealed this morning, alleges that in September 2003, Madrid mailed a false conflict of interest disclosure form to the Housing Authority's auditor. In the statement, Madrid fraudulently claimed to have no conflicts of interest with parties doing business with the BCHA.

In February 2002, Madrid, along with other BCHA board members, voted for and approved a contract between BCHA and Dallas-based Southwest Housing, Inc., to build two tax credit housing projects: Rosemont at Miller's Pond located at 6200 Old Pearsall Road; and, Rosemont at Palo Alto located at 10127 Poteet-Jourdanton Freeway.

On June 21, 2002, Madrid, in the name of his company, Madrid Construction Management Group, Inc. (MCMG) signed an agreement with Southwest Housing to provide consulting services on two of Southwest's construction projects—El Dorado Village in Brownsville, Texas, and Gardens Town Homes in Harlingen, Texas—for a fee of \$2,000 per month plus travel expenses. Approximately two months later, Madrid, through MCMG, entered into a similar agreement with Southwest to provide consulting services for Rosemont at Palo Alto as well as a Laredo Vista, an apartment project in Laredo, Texas. Finally, the Information alleges that during a BCHA board meeting on January 23, 2003, Madrid seconded a motion and voted for a motion which involved BCHA and Southwest Housing. According to the minutes of the meeting, Madrid abstained from voting on the measure. However, further investigation of a tape recording of the meeting revealed that not only did Madrid second the motion and voted in favor of the motion, he also directed a former BCHA employee some six months after the meeting to "redo the minutes to reflect" that he abstained and did not second the motion or vote on it.

From July 2002 to September 2003, Southwest Housing deposited over \$100,000 into MCMG's bank account for consulting services provided by Madrid.

Upon conviction, Madrid faces up to five years in federal prison and a maximum \$250,000 fine.

This case was investigated by agents with the Federal Bureau of Investigation and Department of Housing and Urban Development—Office of Inspector General. Assistant United States Attorneys Ray and LeRoy Jahn are prosecuting this case on behalf of the government.

An Information is a formal accusation of criminal conduct, not evidence of guilt. The defendant is presumed innocent unless and until convicted through due process of law.

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