

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

SUSAN GAFFNEY, in her official capacity)
As Inspector General, U.S. Department of)
Housing and Urban Development,)

Petitioner,)

v.)

Misc. No. 98-92 (SS)

THE HAMILTON SECURITIES GROUP,)
INC. and HAMILTON SECURITIES)
ADVISORY SERVICES, INC.,)

Respondents.)

**RESPONDENTS' SUPPLEMENTAL STATEMENT
REGARDING CERTAIN PRIVILEGED DOCUMENTS**

The Hamilton Securities Group Inc. and Hamilton Securities Advisory Services Inc. (collectively "Hamilton") submit this supplemental statement regarding certain privileged documents to notify the court of an overly broad statement in Petitioner's filing, which regrettably, appears in Hamilton's papers as well. The inaccuracy concerns the OIG's broad assertion that Holland & Knight, LLP "had a contractual relationship with HUD." *See* Petitioner's Opposition at page 3 and Government Exhibit 1 at page 2. Hamilton's former counsel at Holland & Knight informed us just last evening that the OIG's statement is not true in regards to the loan sale program at issue here.

The OIG's counsel had asserted on several occasions that Holland & Knight had a contractual relationship with HUD when presenting this issue to the Special Masters, and Hamilton's counsel – who do not represent Holland & Knight, LLP – conducted a brief review of the facts and assumed that the OIG's assertions about Hamilton's former counsel were accurate. Holland

& Knight asserts unequivocally that it never provided legal services under a contract with HUD on the loan sale program. All such services were rendered under a subcontract with Hamilton. See the attached affidavits of G. Richards Dunnells of Holland & Knight and Richard Moorhouse, formerly of Holland & Knight.

We regret not having discerned the OIG's overly broad statement earlier. Nevertheless, Hamilton's position remains the same, and in fact, is strengthened: certain work that Holland & Knight did for Hamilton was not in furtherance of Hamilton's HUD contracts, and communications concerning that distinct legal advice are privileged.

Respectfully submitted,

DRINKER BIDDLE & REATH LLP

A handwritten signature in cursive script, appearing to read "Kenneth E. Ryan", written over a horizontal line.

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Dated: June 17, 1999

CERTIFICATE OF SERVICE

On this 17th day of June, 1999, a copy of the foregoing Supplemental Statement Regarding Certain Privileged Documents, was telecopied to:

The Honorable Susan Gaffney
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