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BLM Whistleblowers Are Standing Up for American Taxpayers

BY JANINE BLAELOCH and JEFF RUCH

Last Sunday, The Salt Lake Tribune printed a commentary by John Andrews, the general counsel for the Utah School and Institutional Trust Lands Administration (SITLA), attacking the Bureau of Land Management whistleblowers who have raised serious questions about the proposed San Rafael Swell land exchange. Although Andrews is an attorney, his diatribe against BLM land appraisers recalls Shakespeare's line from "Henry VI": "Let's kill all the lawyers."

Andrews' central argument is that land appraisers cramp the free-wheeling "give and take of negotiation." He accuses the BLM appraisers of "nitpicking" over land values (as though that weren't their job) and repeats a quip from former Interior Secretary Bruce Babbitt, who said "his first step when trying to complete land transactions was to kick the appraisers out of the room." The more revealing Babbitt line on this subject was uttered after completion of the Utah Schools Land Exchange, when, according to The Tribune, "Babbitt joked that the deal is so sweet for Utah, he ought to fire his staff members who negotiated it."

It is now common knowledge in Utah that SITLA made out like a bandit in the last two big exchanges. The Tribune, for one, reported the 1998 Utah Schools deal "was widely viewed as a steal for the state." This latest deal, the San Rafael Swell exchange, appears to follow the same tradition of robbing the taxpayer to provide yet another financial windfall for SITLA. Given this very lucrative dynamic, it is not surprising that Andrews does not want any appraisers around asking pesky questions.

The BLM whistleblowers, Kent Wilkinson and Jack MacDonald, are not the first to have discovered what happens when supposedly equal federal land swaps are unbalanced by internal agency politics and political pressure. Just since 1996, the Department of Interior Office of Inspector General and the General Accounting Office have released 10 audits of land exchanges conducted by the BLM. All have found that the land valuation process is the most vulnerable to malfeasance and have called, unsuccessfully, for reforms.

In the San Rafael trade, the negotiators did start out the right way, with some legitimate appraisals replacing the wink-and-nudge agreements on land value used in previous deals. But when negotiators realized the exchange was way off balance, what did they do? Instead of adjusting the trade agreement to make the trade equal (as promised), they manipulated the land values to conform to the deal they had already decided upon. Instead of presenting an honest account, the negotiators inflated the value of the state lands, low-balled the federal lands, and blatantly disregarded the significance of some of the most mineral-rich areas to be traded to the state, according to internal e-mails and correspondence. The end result is a multimillion-dollar loss to the federal taxpayers from what is supposed to be an even trade.

SITLA claims that the "traditional" (i.e., legally mandated) appraisal process is too time-consuming and expensive, yet independent appraisers estimate the job could be finished at a cost of \$25,000 to \$50,000, a tiny fraction of the more than \$70 million value of this real estate deal. Andrews argues "the entire exchange package was reviewed and approved by nationally

recognized independent valuation consultants." What he neglects to mention is that, according to these same consultants, they relied entirely on the documentation "made available to us by the client," performed no independent appraisals or "technical reviews" of appraisals underlying the deal, and did not verify any information or representations made. In other words, all the consultants did is make sure that the phony numbers added up.

Perhaps the most questionable aspect of Andrews' commentary is his accusation that the BLM appraisers were objecting only for reasons of self-interest. Since when is trying to protect the taxpayer improper? The whistleblowers can certainly expect no bonus for raising these problems. What they can expect is workplace harassment from frightened superiors and public vilification from Andrews and his allies. Knowing these risks and in the face of certain political backlash, not only did the BLM appraisers stand up and report their concerns but they received support from many other state office staff members. Appraisal and minerals staff know now that the extent of appraisal abuse practiced by SITLA goes beyond what can be ethically countenanced.

At a time when millions of Americans are being victimized by corporations who "cook the books," President Bush has called for a new public morality based upon honesty and accountability. Yet, if government agencies themselves continue to deceptively manipulate their own accounts, how can government ask those in corporate boardrooms to meet a higher standard?

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