

## **A U.S. Agency Is Accused of Collusion in Land Deals**

By JOEL BRINKLEY

[W]ASHINGTON, Oct. 11 — A congressionally sanctioned consultant hired by the Bureau of Land Management to evaluate its land-exchange policies has found that agency officials collude with private developers to trade away government land at below market value.

The consultant's report recommends referring some recent cases to the Justice Department for possible civil or criminal prosecution.

In response, officials said, the bureau has transferred Ray Brady, a senior official in the bureau's lands program, and agreed to move the agency's chief appraiser as well.

The bureau, part of the Interior Department, manages more than 260 million acres of public land, most of it in the West, and frequently agrees to trade parcels with private landowners who want to acquire government land for commercial development. In a typical year, the agency agrees to 200 to 250 exchanges of land.

For years, federal auditors have criticized the agency for agreeing to value its land at far less than its appraised value in order to consummate the trade, or for overvaluing the private land that is to be acquired, at the insistence of the owner.

In one trade in Nevada several years ago, a developer acquired 70 acres of public land that the bureau had valued at \$763,000, then sold it the next day for \$4.6 million.

After documenting another questionable case last year, the inspector general for the Interior Department urged the bureau to hire the Appraisal Foundation to evaluate its land-exchange practices. The foundation is a private group authorized by Congress to set appraisal standards for government agencies. It performed a similar function in 2000 for the Forest Service, which also manages large swathes of federal land, and found no serious problems.

The foundation's report on the Bureau of Land Management, in contrast, accused the agency of "abuses of the public trust where there is a failure to comply with laws or to conduct orderly operations in accordance with written guidance."

The Appraisal Foundation urged the Interior Department to remove from the bureau the function of appraising land that is to be exchanged, saying the bureau's appraisals were so often the subject of political influence and potentially criminal abuse that the agency should no longer be allowed to carry them out.

Senior agency officials, it said, frequently gave special treatment to developers by ignoring official appraisals and adjusting prices up or down to make the trade more appealing to the developer.

A moratorium on all land exchanges should be carried out immediately, the report said, adding that the agency's "past and currently proposed land exchanges, and their implications for the public trust, clearly warrant comprehensive investigation from outside the Department of the Interior."

It added, "We recommend an investigation by the Department of Justice of Bureau of Land Management land activities."

The agency's reaction to the report was at first angry and combative, said David Bunton, executive vice president of the Appraisal Foundation. But after the two senior officials were removed, Mr. Bunton added, "they are much more receptive."

Still, the agency's most recent written response says, "The draft report makes numerous allegations, statements and judgments that are of an inflammatory nature, but do not appear to be well-supported by specific case examples."

James M. Hughes, deputy director of the land management bureau, when asked today about the report's call for possible civil or criminal prosecution, said: "I don't know what they are basing that on. I am not sure whether they are talking about the present administration or the last one."

Mr. Bunton said it would be up to the Justice Department to decide whether laws had been violated.

Mr. Hughes said the agency had decided to put a 90-day hold on all land exchanges to give an agency committee time to evaluate the report's findings, but he rejected the call for a broader moratorium on exchanges.

"I was surprised by their lack of understanding of how the B.L.M. operates," Mr. Hughes said.

The Interior Department, the bureau's parent, is leaving it to the land management agency to respond to the report, a department spokesman said.

One land exchange cited in the report, and detailed in an Interior Department inspector general's report last year, involved an exchange in the Red Cliffs Desert Reserve in Utah. The agency was trying to acquire a tract of land there, through purchases and trades, and an appraiser found that the land was home to Mojave desert tortoises, which the government classifies as a threatened species.

That meant the land could not be heavily developed, which lowered its appraised value. The landowners objected loudly, and so an agency appraiser in Washington took over the case. He entered into negotiation with the landowners, raising the price offered them — in violation of rules that said market-value appraisals must be used.

When the Appraisal Foundation tried to examine this exchange, its report said, "the B.L.M. was unable to provide a number of important appraisals and related file data," adding that "key portions were reported missing."

In another case, in Carson City, Nev., this year, the bureau office took in an employee of a private developer to work in the land management office as an agency official. His job was to manage land exchanges being pursued by the developer.