Description of document:	Department of the Interior (DOI) Office of Inspector General (OIG) Exhibits and Attachments from the Department of the Interior Office of Inspector General's Hubbell Trading Post Investigation 2007
Requested date:	10-May-2023
Release date:	26-September-2025
Posted date:	13-Oct-2025
Source of document:	FOIA Request FOIA Officer Office of Inspector General U.S. Department of the Interior 1849 C Street, NW MS-4428 Washington, DC 20240 Fax: (703) 487-5432 (Attn: FOIA Officer) FOIA.gov
Note:	A useful book about this case is: Berkowitz, Paul. *The Case of the Indian Trader : Billy Malone and the National Park Service Investigation at Hubbell Trading Post*. University of New Mexico Press, 2011

VIA EMAIL

September 26, 2025

Re: OIG-2024-00234

This is in response to your Freedom of Information Act (FOIA) request dated May 10 2023, which was received by the Office of Inspector General (OIG) on May 14, 2024. You requested the following information under the FOIA, 5 U.S.C. § 552: A copy of each exhibit from DOI OIG Investigation P-IPI-07-0054-I (Hubbell Trading Post). A copy of each of the 53 Attachments from the Report of Investigation for Investigation PI-PI-07-0054-I.

We do not bill requesters for FOIA processing fees when their fees are less than $50.00, because the cost of collection would be greater than the fee collected. See 43 C.F.R. § 2.49(a)(1). Therefore, there is no billable fee for the processing of this request.

We obtained the documents you seek and conducted a review of the material you requested. During this review we identified 204 pages of responsive documents that originated with the National Parks Service (NPS). We have referred these pages to NPS, and they will issue a response directly to you. You do not have to contact them at this time, but should you need to do so in the future, you may do so at:

Nicholas Banco
1849 C Street, Room 2229
Washington, DC 20240

Phone: (202) 641-1621
Fax: (202) 371-5585
Email: npsfoia@nps.gov

Additionally, during this review we identified one page of responsive documents that originated with the Executive Office for United States Attorneys (EOUSA). We have referred this page to EOUSA, and they will issue a response directly to you. You do not have to contact them at this time, but should you need to do so in the future, you may do so at:

Arla Witte-Simpson
Executive Office for United States Attorneys
Department of Justice
175 N Street, NE
Suite 5.400
Washington, DC 20530-0001

After reviewing the remaining documents, we have determined that we may release 70 pages of responsive documents, with FOIA redactions, pursuant to exemption 5 U.S.C. § 552(b)(5), (b)(6), (b)(7)(C), and (b)(7)(E).

FOIA requires that agencies generally disclose records. Agencies may withhold requested records only if one or more of nine exemptions apply.

Exemption 5 allows an agency to withhold "inter-agency or intra-agency memorandums or letters which would not be available by law to a party... in litigation with the agency." 5 U.S.C. § 552(b)(5). Exemption 5 therefore incorporates the privileges that protect materials from discovery in litigation, including the deliberative process, attorney work-product, attorney-client, and commercial information privileges.

One privilege available to government agencies is the deliberative process privilege. The deliberative process privilege protects materials that are both predecisional and deliberative. The deliberative process privilege protects the decision-making process of government agencies and encourages the frank exchange of ideas on legal or policy matters by ensuring agencies are not forced to operate in a fishbowl. A number of policy purposes have been attributed to the deliberative process privilege. Among the most important are to: (1) assure that subordinates will feel free to provide the decision maker with their uninhibited opinions and recommendations; (2) protect against premature disclosure of proposed policies; and (3) protect against confusing the issues and misleading the public. This privilege covers records that reflect the give-and-take of the consultative process" and may include "recommendations, draft documents, proposals, suggestions, and other subjective documents which reflect the personal opinions of the writer rather than the policy of the agency.

The materials that have been withheld under the deliberative process privilege of Exemption 5 are both predecisional and deliberative. They do not contain or represent formal or informal agency policies or decisions. They are the result of frank and open discussions among employees of the OIG. Their contents have been held confidential by all parties and public dissemination of these drafts would have a chilling effect on the OIG's deliberative processes, expose the agency's decision-making process in such a way as to discourage candid discussion within the agency and thereby undermine its ability to perform its mandated functions.

Exemption 6 permits the withholding of information contained in "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." 5 U.S.C. § 552(b)(6). The term "similar files" encompasses any government record that contains a particular individual; the term is not limited to records contained in personnel or medical files.

To determine whether releasing records containing information about a particular individual would constitute a clearly unwarranted invasion of personal privacy, we are required to balance the privacy interest that would be affected by disclosure against any public interest in the information.

Under the FOIA, the only relevant public interest to consider under the exemption is the extent to which the information sought would shed light on an agency's performance of its statutory duties or otherwise let citizens 'know what their government is up to.' The burden is on the requester to establish that disclosure would serve the public interest. When the privacy interest at stake and the public interest in disclosure have been determined, the two competing interests must be weighed against one another to determine which is the greater result of disclosure: the harm to personal privacy or the benefit to the public. The purposes for which the request for information is made do not impact this balancing test, as a release of information requested under the FOIA constitutes a release to the general public.

In this instance, information contained in the subject record pertains to particular individuals and disclosure of this information without an articulable public interest would constitute a clearly unwarranted invasion of personal privacy. Furthermore, disclosure of the information does not reveal how OIG functions nor does it inform the public in any meaningful way about the workings of the government. Therefore, we have determined that the privacy interest of these individuals outweighs the public interest and we withheld the information under FOIA Exemption 6.

Exemption 7 allows agencies to refuse to disclose records compiled for law enforcement purposes under any one of six circumstances (identified as Exemptions 7(A) through 7(F)). Law enforcement within the meaning of Exemption 7 includes enforcement pursuant to both civil and criminal statutes.

Specifically, Exemption 7(C) permits an agency to withhold information contained in files compiled for law enforcement purposes if production "could reasonably be expected to constitute an unwarranted invasion of personal privacy." U.S.C. § 552 (b)(7)(C). Thus, the purpose of Exemption 7(C) is to protect the privacy of an individual if one exists. To determine this, we must evaluate not only the nature of the personal information found in the records, but also whether release of that information to the general public could affect that individual adversely. In this case, we find that release of personal information withheld reasonably could be expected to have a negative impact on an individual's privacy. Even if a privacy interest exists, we must disclose the requested information if the public interest outweighs the privacy interest in the information requested. In this instance, you have not established that release of the privacy information of middle and low ranking federal employees, investigators, and other individuals named in the investigatory file, would shed light on government operations, and we have not found such a public interest in this case. For this reason, after reviewing the information in question, we have determined that disclosure would be an unwarranted invasion of personal privacy and we must withhold this information under FOIA Exemption 7(C).

Exemption 7(E), protects information that, if disclosed, could result in circumvention of law. In particular, Exemption 7(E) allows OIG to withhold all law enforcement information "which would disclose techniques and procedures for law enforcement investigations or prosecutions or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law." 5 U.S.C. §552(b)(7)(E). Particularly though, for the materials that have been withheld under FOIA Exemption 7(E), we have determined that they are techniques and procedures for law enforcement investigations or prosecutions whose release could reasonably be expected to risk circumvention of the law.

As amended in 2016, the Freedom of Information Act provides that a federal agency or department (hereinafter "agency") may withhold responsive records only if: (1) the agency reasonably foresees that disclosure would harm an interest protected by one of the nine exemptions that FOIA enumerates; or (2) disclosure is prohibited by law. 5 U.S.C. §552(a)(8)(A)(i). We reasonably foresee that disclosure would harm an interest protected by one or more of the nine exemptions to the FOIA's general rule of disclosure.

If you disagree with this response, you may appeal this response to the OIG's FOIA/Privacy Act Appeals Officer. If you choose to appeal, the OIG FOIA/Privacy Act Appeals Officer must receive your FOIA appeal **no later than 90 workdays** from the date of this letter. Appeals arriving or delivered after 5 p.m. Eastern Time, Monday through Friday, will be deemed received on the next workday.

Your appeal must be made in writing. You may submit your appeal and accompanying materials to the OIG FOIA/Privacy Act Appeals Officer by mail, courier service, fax, or email. All communications concerning your appeal should be clearly marked with the words: "FREEDOM OF INFORMATION APPEAL." You must include an explanation of why you believe the OIG's response is in error. You must also include with your appeal copies of all correspondence between you and the OIG concerning your FOIA request, including your original FOIA request and the OIG's response. Failure to include with your appeal all correspondence between you and the OIG will result in the OIG's rejection of your appeal, unless the OIG FOIA/Privacy Act Appeals Officer determines (in the OIG FOIA/Privacy Act Appeals Officer's sole discretion) that good cause exists to accept the defective appeal.

Please include your name and daytime telephone number (or the name and telephone number of an appropriate contact), email address and fax number (if available) in case the OIG FOIA/Privacy Act Appeals Officer needs additional information or clarification of your appeal. The OIG FOIA/Privacy Act Appeals Office Contact Information is the following:

Office of the Inspector General
U.S. Department of the Interior
1849 C Street, NW
MS-4428
Washington, DC 20240
Attn: FOIA/Privacy Act Appeals Office

Telephone: (202) 642-0599

Fax: (703) 487-5432
Email: oig_foiaappeals@doioig.gov

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of FOIA. *See* 5 U.S.C. 552(c). This response is limited to those records that are subject to the requirements of FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

The 2007 FOIA amendments created the Office of Government Information Services (OGIS) to offer mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to litigation. Using OGIS services does not affect your right to pursue litigation. You may contact OGIS in any of the following ways:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road - OGIS
College Park, MD 20740-6001

E-mail: ogis@nara.gov
Web: https://ogis.archives.gov
Toll-free: 1-877-684-6448

Please note that using OGIS services does not affect the timing of filing an appeal with the OIG's FOIA & Privacy Act Appeals Officer.

However, should you need to contact me, my email is foia@doioig.gov.

Sincerely,

Eric Trader

Eric Trader
Government Information Specialist

Enclosure

INDIAN AFFAIRS: LAWS AND TREATIES

Vol. VI, Laws (Compiled from February 10, 1939 to January 13, 1971)

Washington : Government Printing Office

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PUBLIC LAWS OF THE EIGHTY-NINTH CONGRESS, FIRST SESSION, 1965

Public Law 89-14 | Public Law 89-16 | Public Law 89-19 | Public Law 89-28 | Public Law 89-33 | Public Law 89-52 | Public Law 89-54 | Public Law 89-94 | Public Law 89-107 | Public Law 89-117 | Public Law 89-130 | Public Law 89-136 | Public Law 89-148 | Public Law 89-154 | Public Law 89-190 | Public Law 89-224 | Public Law 89-309

Page Images

Public Law 89-148
August 28, 1965 | [H. R. 3320] 79 Stat. 589

AN ACT
To authorize the establishment of the Hubbell Trading Post National Historic Site, in the State of Arizona, and for other purposes.
Section 2 | 3

Margin Notes	
Public Law 89-148	Hubbell Trading Post National Historic Site, Ariz. Establishment.
Sec. 2	Administration.
Sec. 2	16 U. S. C. 1-4. Publication in Federal Register.
Sec. 3	Appropriation.

Page 1052

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of establishing the Hubbell Trading Post National Historic Site, the Secretary of the Interior is authorized to purchase with donated funds or funds appropriated for the purpose, at a price to be agreed upon between the Secretary and the owner or owners, not to exceed the fair market value, the site and remaining structures of the Hubbell Trading Post at Ganado, Arizona, including the contents of cultural and historical value, together with such additional land and interests in land as in his discretion are needed to preserve and protect the post and its invirons for the benefit and enjoyment of the public: *Provided*, That the total area so acquired shall not exceed one hundred and sixty acres: *Provided further*, That the amount of land retained for the purpose hereinbefore stated shall not be in excess of that amount of land reasonably required to carry out the purposes of this Act, and any excess land, together with water rights, shall be offered for sale to the Navajo Indian Tribe at a price per acre equal to the per-acre price paid for the total area, excluding structures and contents thereof.

SEC. 2.

Upon a determination by the Secretary of the Interior that sufficient land, structures, and other property have been acquired by the United States for the national historic site, as provided in section 1 of this Act, such property shall be established as the Hubbell Trading Post National Historic Site, and thereafter shall be administered by the Secretary of the Interior in accordance with the provisions of the Act of August 25, 1916 (39 Stat. 535), as amended. An order of the Secretary, constituting notice of such establishment, shall be published in the Federal Register.

SEC. 3.

There are hereby authorized to be appropriated not more than $952,000 for the acquisition of lands and interests in land and the contents of the Hubbell Trading Post which are of cultural and historical value and for development costs in connection with the national historic site as provided in this Act.

Approved, August 28, 1965.

agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment:

Approved, August 26, 1965.

PUBLIC LAW 89-148

August 28, 1965
[H. R. [illegible]]
79 Stat. [illegible]

AN ACT

To authorize the establishment of the Hubbell Trading Post National Historic Site, in the State of Arizona, and for other purposes.

Hubbell Trading Post National Historic Site, Ariz.
Establishment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of establishing the Hubbell Trading Post National Historic Site, the Secretary of the Interior is authorized to purchase with donated funds or funds appropriated for the purpose, at a price to be agreed upon between the Secretary and the owner or owners, not to exceed the fair market value, the site and remaining structures of the Hubbell Trading Post at Ganado, Arizona, including the contents of cultural and historical value, together with such additional land and interests in land as in his discretion are needed to preserve and protect the post and its invirons for the benefit and enjoyment of the public: *Provided*, That the total area so acquired shall not exceed one hundred and sixty acres: *Provided further*, That the amount of land retained for the purpose hereinbefore stated shall not be in excess of that amount of land reasonably required to carry out the purposes of this Act, and any excess land, together with water rights, shall be offered for sale to the Navajo Indian Tribe at a price per acre equal to the per-acre price paid for the total area, excluding structures and contents thereof.

Administration.

SEC. 2. Upon a determination by the Secretary of the Interior that sufficient land, structures, and other property have been acquired by the United States for the national historic site, as provided in section 1 of this Act, such property shall be established as the Hubbell Trading Post National Historic Site, and thereafter shall be administered by the Secretary of the Interior in accordance with the provisions of the Act of August 25, 1916 (39 Stat. 535), as amended. An order of the Secretary, constituting notice of such establishment, shall be published in the Federal Register.

16 U.S.C. 1 [illegible]
Publication in Federal Register.

Appropriation.

SEC. 3. There are hereby authorized to be appropriated not more than $952,000 for the acquisition of lands and interests in land and the contents of the Hubbell Trading Post which are of cultural and historical value and for development costs in connection with the national historic site as provided in this Act.

Approved, August 28, 1965.

PUBLIC LAW 89-154

August 31, 1965
[H. R. [illegible]]
79 Stat. 587

AN ACT

To authorize the establishment of the Alibates Flint Quarries and Texas Panhandle Pueblo Culture National Monument.

Alibates Flint Quarries and Texas Panhandle Pueblo Culture National Monument, Tex.
Establishment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior may designate, acquire and administer as a national monument lands and interests in lands comprising the Alibates Flint Quarries and the Texas Panhandle Pueblo Culture sites, together with any structures and improvements thereon, located in and around Potter County, Texas.

SEC. 2. (a) The property acquired under the provisions of the first section of this Act shall be set aside as a national monument for the benefit and enjoyment of the people of the United States and shall be designated as the Alibates Flint Quarries and Texas Panhandle

[redacted]"
[redacted]@lrlaw.com>
07/30/2007 12:31 PM
Please respond to
[redacted]@lrlaw.com

To [redacted]@doioig.gov
cc
bcc
Subject RE: Response

History: This message has been replied to and forwarded.

My client believes that it has more than assisted in your investigation. As such, no one associated with WNPA wish to discuss this matter with you now or in future. Please do not contact my client again.

[Message delivered by NotifyLink]

----------Original Message----------

From: [redacted]@doioig.gov
Sent: Mon, July 30, 2007 6:47 AM
To: [redacted]@lrlaw.com
Subject: Response

I never received a response from you in relation to an interview with Mr. Babbitt (as you stated below three months ago). We had wanted to get Mr. Babbitt's perspective on the Hubbell Trading Post - Bill Malone Investigation since he was the WNPA Chairman of the Board at the time and to ensure we interviewed any and all individuals that might provide relevant information. Since you failed to respond in a timely manner and Mr. Babbitt is no longer Chairman, please rescind our request.

Thank you,

Paul D. Okerberg
Program Integrity Division
Office of Inspector General
U.S. Department of Interior
[redacted]

----- Forwarded by Paul Okerberg/ARL/OIG/DOI on 07/30/2007 09:01 AM -----

Paul
Okerberg/ARL/OIG/DO
I
07/26/2007 06:56 PM

To
Paul Okerberg/ARL/OIG/DOI@OIG

cc

Subject

----- Forwarded by Paul Okerberg/ARL/OIG/DOI on 04/13/2007 12:18 PM -----

"[redacted]"
[redacted]@lrlaw.com>

To

04/13/2007 11:50 AM

"Scott Aldridge" <[redacted]@wnpa.org>,
[redacted]@infomagic.net>,
[redacted]@doioig.gov>,
[redacted]@doioig.gov>

cc

"LeAnn Simpson" [redacted]@wnpa.org>,
[redacted] [redacted]"

<[redacted]@lrlaw.com>

Subject

RE: Mr. Babbitt

Paul,

Please do not contact my client (that includes anyone associated with Western National) directly. I thought I had expressed that request earlier. As a result of your e-mail, my client has asked me a question in an e-mail and if I were to answer him the attorney-client privilege would be waived. I will get back to you on the matter of a possible interview of Mr. Babbitt. Thank you,

[redacted]

Office of Inspector General
Program Integrity Division
U.S. Department of the Interior

Investigative Activity Report

Case Title **HUBBELL TRADING POST**	**Case Number** PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** February 7, 2007

Report Subject
Interview of LeAnn Simpson, Executive Director of Western National Parks Association

On February 7, 2007, LeAnn Simpson, Executive Director for Western National Parks Association (WNPA) was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain information related to Simpson's and WNPA's involvement in the National Park Service (NPS) criminal investigation of Bill Malone, Trader/Manager at the Hubbell Trading Post (HTP) National Historic Site in Ganado, AZ. The interview took place at WNPA Headquarters in Oro Valley, AZ, just north of Tucson. Also present during the interview was [redacted], WNPA's retained attorney and [redacted], WNPA [redacted] and also an attorney.

Simpson provided the following information in an interview that lasted approximately five hours with a break for lunch:

- There are 16 WNPA board members. It is self-generating and the positions are generally five year terms. The chairman serves a three year term and is elected annually. Jim Babbitt became Chairman in January 2004.

- Simpson was hired by WNPA in August 2003, having been previously employed by the [redacted]. WNPA operates or provides support to 65 national parks, monuments or historic sites throughout the Upper and Lower Midwest. WNPA is similar to Eastern National in the eastern U.S. that provides the same type functions – running book stores, visitor centers and supplying the same with books, pamphlets and other souvenirs from the respective parks.

- The interpretative/educational programs of the National Park Service are paid in part by a percentage of the proceeds WNPA receives at each of the 65 NPS sites. There is a cooperative agreement between NPS and WNPA that outlines the agreement at each of the 65 sites and there is a separate agreement for HTP. The WNPA Board determines the amount of money (percentage of sales) that goes into an Interpretative Support Account (ISA) for each NPS site and can be available to NPS (subject to WNPA approval). The WNPA Board does not have to get NPS approval for the percentage determined. Simpson added there is nothing in writing or specific percentages spelled out in the cooperative agreements.

Reporting Official/Title **Paul D.Okerberg, Special Agent**	**Signature** Paul D. Okerberg

Distribution: Original – Case File Copy - SAC/SIU Office Copy – HQ Other:

- HTP is the only WNPA site that gets a percentage of net revenues and not gross. Simpson said the reason for that is because expenses are considerably higher at HTP.

- Tim Priehs was the WNPA Executive Director before Simpson but he left in spring 2002 [redacted]. Priehs had worked at WNPA for 18 years. Also in 2002, WNPA moved into a new building in Oro Valley, AZ and changed its name from Southwest Parks and Monuments Association (SPMA) to WNPA. Simpson stated she did not get to talk to Priehs or gain any institutional knowledge of WNPA and HTP from him. John Pearson was the WNPA Chief Financial Officer and worked 12 years with Priehs but he also left in 2001.

- Simpson stated the WNPA Board relied on her experience with working with cooperative agreements and discussions she had early on with the Board noted there was a lack of valid, reliable financial info from HTP. Simpson added Steve Pickle is the new trader/manager at HTP and he raised revenues from $54,000 to $250,000 last year.

- Simpson stated it was her management style to get personally involved with problems she encounters. At HTP, she discovered things were done very different from what she was used to and had been told during her interview for the WNPA job that HTP had some big problems. Simpson stated her first visit to HTP was a fact finding mission and just to talk to Malone and other HTP employees. Simpson recalled the HTP employees "were guarded" since she was new when she visited HTP in September 2003. Simpson also recalled HTP was very disorganized – especially the Wareroom where there were a lot of old records, boxes and a lot of Malone's personal property there.

- Simpson said it was that September trip, right before their fiscal year inventory that she cleaned out "a lot of junk" at HTP. Simpson stated there was another trip in September she made to HTP and Scott Aldridge, WNPA Chief of Operations and [redacted], WNPA [redacted] went also. Simpson stated there were no trips to HTP in October or November 2003 since she was preparing for the annual WNPA Board meeting. Simpson stated she did terminate HTP employee [redacted]. [redacted] was supposed to help Malone with [redacted] at HTP but all [redacted] did was surf the internet for pornography, the basis for his termination. Simpson stated [redacted], WNPA [redacted] [redacted], went with her to terminate [redacted]. (Agent's Note: Simpson did not interview [redacted] but terminated him based on the pornography found on his laptop.)

- In November 2003, [redacted] informed Simpson she was going to have to transfer money to HTP. Simpson was surprised since HTP was supposed to be self-sustaining and not needing funds to keep in operation. In preparation for the March 2004 audit, [redacted] once again came to Simpson and informed her that she had determined there were missing sales tickets at HTP. Simpson stated the sales tickets are vital to their accounting system since the white copy would go to WNPA, yellow to the purchaser and the pink copy should stay in the sales book.

- In addition, Simpson was very concerned over consignments and how they were handled. Simpson stated Malone was not very helpful explaining or did not explain clearly and the HTP employees insisted Malone handled all the consignments. Simpson stated she did her own checking with HTP employees [redacted] (alcohol problem) and [redacted] and the missing sales tickets all appeared to be consignment sales. Simpson recalled Malone appeared very uneasy when she started counting rugs and trying to determine which were consignment items. Simpson inventoried the consignment rugs and determined their value added up to $743, 810. This far exceeded anybody's estimate of the value and number of consignment items. Simpson was very concerned about liability and found out from WNPA's insurance agent they only had $10,000 worth of coverage for "property of others".

- Simpson stated there were two checking accounts at that time – one for consignments and another for purchased inventory. Simpson told Malone to quit using the consignment checking account since WNPA cut any checks that were needed from it. Simpson also discussed consignments with [redacted] and [redacted] explained to Simpson how Malone would draft a check and then endorse the artisan's name on the back as if they had signed the check. Simpson stated she became very concerned since she knew that was not right and felt something illegal may be going on.

- Simpson called WNPA Chairman Babbitt and Board member [redacted] after looking at some of the checks and the signatures on different checks looked they all were the same endorser – Bill Malone. At the April 13, 2004 WNPA Board Meeting in Billings, Montana, Simpson notified the Board of the similar handwriting on the checks.

- On April 28, 2004, at a NPS Superintendent's meeting in Scottsdale, AZ, Simpson informed Regional Director Steve Martin, NPS Admin Chief John Wessels and Regional Chief Ranger [redacted] of the possible forged checks. Simpson told NPS that it was her and the Board's desire to shut down HTP for three days so an extensive audit could be performed to determine if there were other financial accounting problems at HTP. Steve Martin asked Simpson if she thought Nancy Stone, HTP Superintendent, could be involved and Simpson stated she did not know. Nevertheless, Martin made the decision to keep Stone unaware of the potential forgery or problems at HTP. Martin also made the decision to shut HTP down for the three days requested.

- The next morning Simpson met with [redacted] and Wessels and after examination they determined the checks did appear to have the same handwriting. Simpson stated a few days later she received a cal from NPS SA Clyde Yee that he was going to conduct the investigation. Simpson recalled [redacted] and [redacted] had told her that Malone would take the consignment books home and she relayed that information to Yee. Yee told Simpson that he may try to secure a search warrant since he felt the consignment books would be critical to the investigation.

- Simpson recalled Yee calling and telling her that they would be conducting a search warrant and it would be June 9, 2004. At the May 12-13, 2004 WNPA Board meeting in Billings. Jim Babbitt was informed of the search warrant date and the Board was informed of the HTP closure for three days. A decision was made by the Board to hire Devries and Associates to help with the audit.

- On June 8, 2004, Simpson attended the pre-search warrant briefing at the Holiday Inn in St. Michael, AZ.. Yee also included the WNPA audit team of [redacted], Mary Devries and [redacted] Also present was NPS Ranger [redacted] Simpson was surprised when Yee announced at the pre-search warrant briefing that he wanted Devries and [redacted] to accompany him and [redacted] in executing the search warrant at Malone's residence. Simpson recalled asking Yee, "How were they going to do their audit at HTP if Devries and [redacted] were at Malone's residence?" Simpson does not remember Yee's response. Two [redacted] NPS rangers were also present.

- Simpson remembered the following morning, June 9, 2004, they executed the search warrant. They found the security system was not armed, the safe not locked and cash not secured. Simpson stated she, [redacted] and [redacted] stayed at the HTP and were a little lost as what to do with out Devries and [redacted] who were the leads to conduct the audit. Simpson stated Mike Snyder, NPS Deputy Regional Director and [redacted]. NPS [redacted], went to Superintendent Nancy Stone's residence to advise her that HTP would be closed for three days but the Visitor Center would remain open. Jim Babbitt also was present at HTP during the execution of the search warrant and stayed at least a couple of hours.

- That afternoon, Simpson gave Malone a paid leave of absence to keep him away from HTP while the investigation and audit took place. Simpson stated she left HTP at 5:00 or so since there was nothing else she could do. She looked for the consignment books and commented how disorganized Malone had left HTP in. Simpson commented, "There were plenty of reasons to fire Malone".

- The following morning on June 10, 2004, Yee had another meeting at breakfast and explained to Simpson that they had taken a lot of rugs and jewelry from Malone's home, placed in a WNPA van and Yee's vehicle and [redacted] had checked on the vehicles throughout the night to make sure they were secure at the motel parking lot. Yee informed Simpson that he had made arrangements to store the seized items in Flagstaff and it was decided Simpson was to drive the WNPA van full of evidence to Flagstaff. Simpson stated she felt very uncomfortable about driving the evidence and she followed Yee to Flagstaff to a private storage facility. Simpson helped unload items there.

- Simpson reiterated Malone's termination was based on the general chaos at HTP and Malone's lack of effectiveness as a manager.

- On Friday, June 11, 2004, Yee came back to HTP and asked Simpson for records from Malone's desk at HTP. Simpson stated she was uncomfortable providing Yee these records. Yee ended up taking paperwork from HTP and did not provide Simpson with any receipts. Simpson did not recall seeing any pictures taken by Yee or any weapons.

- Simpson stated HTP reopened on Saturday, June 12, 2004 with [redacted] as the primary person in charge. On June 16, 2004, Simpson and Aldridge gave Malone his termination memo. Babbitt could not make it. Simpson stated she did not ask Malone about the checks or forgery and that no one thought about that. Simpson stated she was under the impression from SA Yee that she could not talk to Malone about the investigation since it might jeopardize it. Simpson stated the decision to terminate Malone was her decision and that Steve Pickle was not mentioned as a replacement for Malone until after the termination. Simpson recalled 16 applicants for Malone's job and five were interviewed.

- Simpson commented she knew that it was going to be difficult to determine ownership of property through receipts and that aspect was probably not going to go anywhere. However, Simpson stated it was a big surprise to her that all the property was eventually returned to Malone.

- Simpson commented she felt it was inappropriate for her and WNPA to receive so much information about the investigation from SA Yee. Yee never came to a board meeting and recalled [redacted] and [redacted] come to the Board meting in December 2005 and Mike Snyder and [redacted] come in December 2006. Snyder informed the WNPA Board at the December 2006 meeting that DOI-OIG was going to do an investigation of the NPS investigation.

- Simpson never saw the search warrant and stated she never received copies of any of Yee's interview reports.

- On April 28, 2004, she reiterated she had a meeting with Regional Director Steve Martin. The following day, April 29, 2004, Simpson met with Chief Ranger [redacted], [redacted] and John Wessels, all from the NPS Intermountain Region.

- At the end of June 2004, Yee wanted WNPA to pay for the forensic audit necessary to get the investigation going. On July 24, 2004, Simpson and Babbitt met with NPS- Martin, Snyder, Wessels [redacted], and Stone to decide what the next step should be. Simpson recalled Steve Martin commenting – "It is a problem for both of us – he is your employee and it is our park". [redacted] commented that "there was no doubt a crime had been committed and it may be as much as 5 million dollars." Steve Martin was to provide a formal request to WNPA to do the audit and WNPA wanted to use their accounting firm – Devries and Associates to do the forensic audit since SA Yee had already contacted them. Devries had contracted with WNPA in 2002 to provide accounting services through 2005.

- Simpson commented she was uncomfortable with Devries performing the audit since it was Devries who had missed the fraud indicators and potential forged check on previous audits at HTP. The WNPA Board approved Devries doing the forensic audit and SA Yee shipped them boxes of documents but Simpson commented what was sent to Devries was not what she needed to do the audit.

- In December 2004, Simpson stated she called NPS and let SA Yee know she thought there was a conflict of interest with using Devries. Simpson recalled SA Yee kept saying, "When this thing goes to trial." A letter was received from Steve Martin on March 28, 2005 that DOI-OIG would assume the forensic audit task from Devries.

- Simpson suggested to SA Yee that he should talk to former WNPA executives John Pearson and Tim Priehs and was constantly frustrated that he had not. SA Yee told her to keep records of expenses of WNPA costs and that figure would come into play if restitution was awarded at the end of the investigation. Simpson stated she had no knowledge nor was involved with transporting evidence from Flagstaff to Tucson. Simpson commented that Scott Aldridge from WNPA did become involved with helping to sort out the consignment items with their owners and that was a mess.

- Simpson recalled July 13, 2006 was the date a lot of the property was returned to Malone and then she met with Malone again at HTP on January 17, 2007 and returned even more of his property, including items there were no receipts or any indication that it belonged to Malone or his family other than his word that it was.

- Simpson stated Steve Martin never gave her any promises or guarantees what would happen with the investigation but the perception was there that criminal charges would come. In May 2006, Simpson met with Mike Snyder and recalled Snyder commenting, "It will be nice when all this is over – since you'll get your property back". Simpson had called Snyder to find out if Malone had received an apology from NPS and Snyder told her they had not. Simpson had heard the rumor and was upset about it since she believed Malone to be guilty.

United States Department of the Interior
Office of Inspector General

INVESTIGATIVE ACTIVITY REPORT

Case Title **Hubbell Trading Post**	**Case Number** **PI-PI-07-0054-I**
Reporting Office **Ganado, Arizona**	**Report Date** **April 17, 2007**
Report Subject **Attempted Interview of Clyde Yee, NPS Special Agent**	

On April 17, 2007, an attempt was made to interview Clyde Yee, NPS Special Agent, by DOI-OIG Special Agents Paul D. Okerberg and [redacted] The purpose of the interview was to obtain additional information related to the NPS investigation of Hubbell Trading Post (HTP) National Historic Site and Bill Malone, HTP Trader/Manager. Yee was the initial case agent for the HTP investigation and was the affiant on the search warrant executed at Malone's residence on June 9, 2004. The attempted interview was conducted at DOI-OIG offices in Lakewood, Colorado.

It was prearranged that a conference call would be set up with Yee's Federal Law Enforcement Officer Association's (FLEOA) counsel, [redacted] located in Chicago. An initial call was made and [redacted] requested a call back in five minutes. A Garrity warning was provided to SA Yee to review when his counsel would be able to participate telephonically in the interview.

[redacted] was connected, introductions were made and [redacted] was advised that we would be requesting a Garrity interview with Yee. [redacted] immediately intervened and stated that Yee would not be providing a voluntary interview. [redacted] stated that he and Yee "would be happy" to participate in a compelled or Kalkines interview. [redacted] was advised that was not possible at this point in the investigation and [redacted] informed the reporting agent the interview was then over. [redacted] advised his client to call him after leaving the OIG office. No further attempts to interview Mr. Yee were made.

Reporting Official/Title Paul D. Okerberg, Special Agent	Signature Paul D. Okerberg
Authentication Number: [redacted]	

United States Department of the Interior
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INVESTIGATIVE ACTIVITY REPORT

Case Title Hubbell Trading Post	Case Number PI-PI-07-0054-I
Reporting Office Ganado, Arizona	Report Date May 23, 2007
Report Subject Interview of Clyde Yee	

On May 23, 2007, National Park Service (NPS) Special Agent (SA) Clyde Yee was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain additional information related to the NPS investigation of Bill Malone, Trader and Manager at the Hubbell Trading Post (HTP). Malone was an employee of Western National Parks Association (WNPA) and WNPA managed HTP for NPS through a cooperative agreement. SA Yee was the original case agent assigned to the investigation in April 2004 and remained in that role until approximately July 2005. The location of the interview was at Main Interior in Washington, DC. Representing SA Yee was Federal Law Enforcement Officer's Association Associate General Counsel [redacted]. Yee and [redacted] were provided and signed a Kalkines warning form, setting Yee on notice that pursuant to our consultation with AUSA [redacted] Yee would not be prosecuted for any criminal exposure he may have related to the investigation of Bill Malone, but could be charged should he not provide truthful statements during the interview and any other contact with DOI-OIG. Yee has approximately [redacted] years in law enforcement and [redacted].

Yee believed it was 2004 when he was advised that HTP Trader Bill Malone was "suspected of forging company (WNPA) checks." (*Agent's Note: Yee was very vague throughout the entire interview, especially with respect to even approximate dates of certain events.)* While Yee was unable to remember exact specifics, he recalled Intermountain Region (IMR) Chief Ranger [redacted] and WNPA Executive Director LeAnn Simpson showing him WNPA checks that appeared to have similar handwriting on them. Yee also recalled Simpson relating that HTP was supposed to be a self-sustaining operation that generated $1.5 million a year and had recently started showing a deficit in revenues.

Yee recalled interviewing Simpson and WNPA Chief Operating Officer Scott Aldridge and prepared an affidavit for a search warrant to obtain ledgers and other business records believed to be in Malone's residence at HTP and or in his WNPA vehicle. Yee established communication with Assistant U.S. Attorney (AUSA) [redacted] and obtained a search warrant on June 8, 2004.

Reporting Official/Title Paul D. Okerberg, Special Agent	Signature Paul D Okerberg

Authentication Number: [redacted]

Yee did not have an explanation as to why no search warrant plan was prepared other than it was not required by his supervisor, Special Agent in Charge (SAC) Jim Reilly, at that time but it is now required by his current supervisor, SAC Brian Smith. Yee was not aware that both Malone and his [redacted] and that Malone had [redacted] previously and that adequate [redacted] were not close to HTP. SA Yee did recall Simpson wanting to terminate Malone at the same time as the warrant and both Simpson and IMR Regional Director Mike Snyder attended the pre-search meeting since Snyder planned on notifying HTP Park Superintendent Nancy Stone simultaneous with the execution of the search warrant. Also in attendance at the pre-search meeting were Mary Devries and [redacted] of Devries and Associates, WNPA's certified public accounting firm. *(Agent's Note: SA Yee did not appear to recognize the potential conflicts of interest of having the original complainant, WNPA Executive Director LeAnn Simpson, and WNPA's accounting firm present during the planning for the execution of a criminal search warrant).*

Yee recalled contacting AUSA [redacted] several times throughout the execution of the search warrant when they discovered an overwhelming amount of Navajo rugs, baskets and jewelry in Malone's residence. Yee stated he would have to go to the end of the road to get adequate cell phone coverage with [redacted]. Yee believed he had properly seized items that fell under the guidelines [redacted] provided to him over the phone. Yee had no comment or explanation that only approximately a third of the rugs seized had any markings associated with HTP or WNPA. Yee commented the jewelry seized had similar markings to items found at HTP and therefore he felt he could seize those items as well. *(Agent's Note: [redacted] who is now a federal magistrate in Flagstaff has had different recollections of those conversations with Yee. [redacted] discussed his contact with Yee the day of the search warrant with NPS SA Paul Berkowitz during Berkowitz's review of the investigation and felt Berkowitz misinterpreted some of his statements. [redacted] was more supportive of decisions made by Yee in the seizing of items from Malone's home but was unaware of many other aspects of the investigation such as seized property not returned to Malone for over two years and WNPA's involvement. Issues like those concerned [redacted] when combined with false information on the search warrant affidavit, scope of the warrant and the chain of custody for seized evidence.)*

Yee was not aware that "the 6.5% of HTP revenues" he referenced in his search warrant affidavit five different times would not constitute government funds (since they are controlled by WNPA) and therefore the basis for an alleged theft of government funds predicate was false. Yee believed LeAnn Simpson verbally provided him with that information and neither he nor anyone else in NPS Law Enforcement checked the specifics of the cooperative agreement between WNPA and NPS for HTP. Yee was also unaware that the office for the IMR Regional Coordinator for Cooperative Agreements was located directly across the hall from Yee's office in Lakewood, Colorado.

Yee was also questioned relative to the failure to document or properly account for cash seized from Malone's residence, weapons found by Auditors Devries and [redacted] and the lack of properly documenting any aspect of the search. Yee stated the decision to include Devries and [redacted] in the actual search was discussed with AUSA [redacted] and is covered under statute (Title 18, USC 3105). Yee did not have an explanation for using Devries and [redacted] for nearly eighteen hours nor having them responsible for the collection and documenting of evidence on chain of custody forms. Yee also could not explain how it was decided LeAnn Simpson would drive the van full of seized rugs and jewelry to Flagstaff the day after the search (June10, 2004) since NPS Ranger [redacted] would have been available and was the only other law enforcement personnel present.

Yee recalled returning to HTP for interviews but did not remember there were two major deployments of NPS agents and law enforcement in August and November 2004, although he had nicknamed them in his reports as [redacted] and [redacted]. Yee did recall taking additional business records from HTP and WNPA and there were a lot of calls coming in from people asking where their rugs or other property was. Yee commented he did not feel any undue pressure from NPS management – neither SAC Reilly nor IMR management to work the case or how to work the case. However, Yee did receive anywhere from six to ten phone calls per week from LeAnn Simpson checking the status of things and needing information on items seized, etc. Yee stated the calls eventually reduced to just a couple of times per week but could not explain his rationale for receiving or allowing continued contact with the complainant during a criminal investigation.

SA Yee recalled talking with WNPA Chairman of the Board Jim Babbitt ([redacted]) and one time he called Babbitt was based on a request from Simpson for Yee to call him. Babbitt wanted an update on the investigation for an upcoming WNPA Board meeting. Yee stated no grand jury information was provided to unauthorized sources.

Yee was questioned why he and other agents at his direction interviewed the same witnesses repeatedly and how that often results in multiple versions of the same story. Yee stated he believes that with the Navajo you have to gradually build trust over multiple interviews and there was a big cultural difference that had to be overcome in interviewing witnesses that may be part or all Navajo.

Yee expressed his disappointment with the NPS case being declined for prosecution and was vocal about NPS SA Paul Berkowitz sabotaging the case for his own reasons. Yee stated there were eight victims he identified on check forgery violations and felt those counts could and should have been prosecuted. Yee admitted to having no prior white collar or financial fraud investigation experience or training, just some bad checks he has investigated in the past.

Yee recalled the FBI declined to get involved, as well as the Postal Inspectors and IRS. They stated they would join in if more substantive information was revealed. Yee did receive significant assistance from DOI-OIG SA [redacted] and Audito[redacted] with [redacted] performing a forensic audit after it was determined Devries and Associates may have a potential conflict of interest doing the audit. Yee also acknowledged that [redacted] was unable to reconstruct any of the financial records to determine a crime had been committed. Yee stated there were no case reviews for the first year of the investigation and then there were some meetings when it was determined the forgery counts should be the new focus of the investigation. Yee stated that other than requests for funding all the various investigative costs associated with the case, he had minimal contact with anyone from upper management at IMR or NPS Law Enforcement in Washington DC.

Yee stated it was his or NPS' decision to store the evidence at the Western Archeological Conservation Center (WACC) in Tucson and not WNPA although WNPA headquarters is located in Tucson. Yee was very vocal about his displeasure over NPS SA [redacted] raising an issue of a breach in the chain of custody by Yee at the WACC. Yee felt SA[redacted] had a personal dislike for Yee and did not exercise good judgment in how she reported her belief that the evidence chain of custody had been compromised. Yee commented, "She ([redacted] was shitting on this case (Bill Malone) from the beginning, just like Berkowitz". Yee also admitted that SAC Reilly brought up the issue with AUSA [redacted] (replaced [redacted] since Yee "did not want to air their dirty laundry" to the U.S. Attorney's Office.

Yee also admitted to [redacted] from SAC Reilly sometime in 2005 for [redacted] by SAC Reilly.

Yee stated it was his idea to use Devries and Associates as the initial forensic auditors since they had the background, experience and had conducted prior audits at HTP. In hindsight, Yee admitted that they were probably not the best choice. Yee also stated the reason he did not interview Malone during the search warrant was there was not enough time with all the "evidence" they had to seize and Malone eventually got an a attorney.

Yee was unable to explain why he was unable to locate cash seized from Malone's residence when asked by DOI-OIG in January 2007 and then a couple of days later when confronted by his supervisor (after OIG informed them of the missing evidence), Yee located the cash in his office in Lakewood, CO. *(Agent's Note: Yee was asked by DOI-OIG SA Paul D. Okerberg on January 25, 2007 where seized item "R-26" was since it was determined through our review to contain cash.)* Yee was also unable to explain why or how DOI-OIG found $10,577 in cash and checks (payable to Malone or WNPA) in boxes next door to his office. Yee believed those boxes had already been returned and could not explain why the cash and checks were not documented anywhere in his chain of custody records. Yee could also not explain a Pendleton Navajo blanket that was seized from Malone's storage facility in Gallup, NM was also not properly documented on chain of custody records and appeared to have been written in after the original records were completed. The Pendleton blanket was ultimately returned to Malone in March 2007 with the cash that Yee "found" in his office.

Yee stated NPS Law Enforcement did not have the proper staff or training for the Malone case but declined to make any additional comments other than NPS agents like [redacted] and Paul Berkowitz could not be trusted. Yee also was provided an opportunity to make any statement or explain his view on how an investigation that probably cost NPS approximately a million dollars (in investigative costs, travel and salaries) and resulted in no one charged, a failed relationship with WNPA and a NPS site that allegedly has seen a dramatic decrease in visitation. Yee declined to make any further comments on his actions as case agent or any further information on NPS or WNPA.

United States Department of the Interior
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INVESTIGATIVE ACTIVITY REPORT

Case Title **Hubbell Trading Post**	**Case Number** **PI-PI-07-0054-I**
Reporting Office **Ganado, Arizona**	**Report Date** **April 18, 2007**
Report Subject **Interview of [redacted]**	

On April 18, 2007, [redacted] (former Assistant U.S. Attorney (AUSA), District of Arizona), was interviewed by DOI-OIG Special Agent (SA) Paul D. Okerberg. The purpose of the interview was to obtain additional information related to the National Park Service (NPS) investigation of Hubbell Trading Post (HTP) National Historic Site and Bill Malone, HTP Trader/Manager. [redacted] was the AUSA initially assigned to the Malone investigation and has subsequently [redacted] in Flagstaff, AZ. [redacted] was previously interviewed by NPS SA Paul Berkowitz in January 2006 after the Malone investigation was reassigned to Berkowitz from NPS SA Clyde Yee. [redacted] was unable to meet on April 19th in Flagstaff, AZ, so a telephonic interview was conducted.

[redacted] recalled the day the search warrant was executed on Bill Malone's residence (June 9, 2004). [redacted] related SA Yee "stayed in constant contact" with him by making numerous calls throughout the day of the search. [redacted] recalled discussing what was to be seized with Yee on those phone calls. Yee had informed [redacted] there was an overwhelming amount of merchandise in the Malone home that appeared it could have been stolen from HTP. [redacted] stated he and Yee decided the items should be separated into three groups – (1) Items with HTP or WNPA tags; (2) Items with no markings; and (3) Items that could go either way. [redacted] felt comfortable with SA Yee seizing those items with tags/markings and then Yee making the determination on the other items. *(Agent's Note:* [redacted] *was not aware that of the 557 rugs seized, less than a third had any markings or tags.)* [redacted] stated he and SA Yee talked for a long time and [redacted] felt that Yee knew what he should take and they could always sort out things later if it was determined to not be WNPA property. [redacted] felt Yee's call to him was "anal" and Yee wanted to make sure what he was doing at the search was right. [redacted] also did not want Yee to be accused by anyone that Yee had exceeded the warrant or was reckless in his decisions the day of the search warrant.

[redacted] recalled shortly after the search warrant, Malone's attorney, [redacted], called [redacted] and wanted to meet and get some of Malone's personal items back. [redacted] agreed to a meeting but [redacted] never got back in touch with [redacted] so the meeting or return of property to Malone did not happen while [redacted] was assigned as AUSA. [redacted] was surprised to learn that it took over two years for items to be returned to Malone. [redacted] was also very concerned when he was informed that WNPA

Reporting Official/Title	Signature
Paul D. Okerberg, Special Agent	

Authentication Number: [redacted]

Executive Director LeAnn Simpson had openly discussed and allegedly with NPS Regional Director Mike Snyder the possibility of WNPA retaining seized property taken from Malone since Malone would not be able to prove it was his. [redacted] expressed his concern over any situation wherein that possibility may have even been discussed since [redacted] related the law is very clear that the property would need to be returned to Malone expeditiously if no case or proof of ownership could be substantiated.

A January 2006 interview report of [redacted] by NPS SA Paul Berkowitz was related to [redacted] and he commented some parts of that interview may be out of context as written in the report. [redacted] felt SA Berkowitz is a very good agent with an excellent track record but felt Berkowitz may have not accurately documented their conversation. *(Agent's Note: A copy of that interview was faxed to [redacted] on May 18, 2007 for him to review and provide comment.)* [redacted] felt Berkowitz may have already looked at a lot of how the investigation had been handled prior to his interview and may have formed an opinion on how Yee had conducted the investigation. [redacted] did admit that he was not aware of a lot of the issues OIG had discovered in our review related to the search, chain of custody, involvement by WNPA, Malone never interviewed, etc. [redacted] felt many of the issues with the scope of the warrant, chain of custody, etc could have been resolved should the investigation gone forward to a trial or court, but repeated his concern on WNPA and their participation in the investigation. [redacted] also felt the basis of the search warrant affidavit - the theft of government funds, may be a problem after he was informed that our review determined the revenues allegedly embezzled actually were WNPA funds.

Office of Inspector General
Program Integrity Division
U.S. Department of the Interior

Investigative Activity Report

Case Title **HUBBELL TRADING POST**	**Case Number** PI-PI-07-0054-I **Related File(s)**
Case Location Ganado, Arizona	**Report Date** February 8, 2007

Report Subject
Interview of Mary Devries and [redacted] of Devries and Associates

On February 8, 2007, Mary Devries and [redacted] were interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. Devries CPAs of Arizona, P.C. was retained by Western National Parks Association (WNPA) to provide accounting and financial oversight services for WNPA Headquarters located in Oro Valley, AZ which included the 65 NPS sites (including Hubbell Trading Post (HTP)) managed by WNPA. The purpose of the interview was to obtain additional information into the NPS investigation of HTP and the actions taken by WNPA during the investigation. The location of the interview was at Devries' office located at 4349 East Fifth Street, Tucson, AZ. Devries and [redacted] provided the following information after proper identification was shown and an overview of the investigation was provided:

Agent's Note: Devries advised that under Arizona law they would have to contact WNPA about DOI-OIG's contact with them

- Marianne (Mary) Devries stated WNPA contracted with Devries and Associates for a five year period from 2001 to 2005. Prior to that, WNPA utilized [redacted] for accounting services. [redacted] now provide accounting services to WNPA and Devries' contract was not renewed by WNPA [redacted].

- Devries has been a CPA since [redacted]; [redacted] years with her own firm. She has [redacted] employees – [redacted] of which are CPAs.

- Devries stated her firm provided auditing/accounting services for all the WNPA sites and HTP was by far the largest in relation to inventory and sales. There were always problems at HTP since it was such a unique site using old world trading and WNPA trying to account for the revenues with standard accounting principles.

- There was an annual inventory at HTP and a New Mexico firm performed the count. Inventories were difficult due to the number of consignment items and some having HTP or WNPA tags and some not. The inventory could not be done at night since NPS employees could not stay after 6:00 PM. There were always problems with the records at HTP and Devries commented, "In trying to fix or reconcile the records, you sometimes overlook the big problem just putting out fires".

Reporting Official/Title **Paul D.Okerberg, Special Agent**	**Signature** Paul D. Okerberg

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- There was a lot of turnover at WNPA. Tim Priehs and John Pearson left around 2002 and had been the senior managers at WNPA for a long time. The Acting Director until LeAnn Simpson was hired was Scott Aldridge, a young guy out of college who Devries described as "wanting to do a good job but Aldridge did not have any real financial expertise or experience". The WNPA accounting personnel WNPA dealt with was not competent.

- **** Devries commented their audits of HTP did not reveal a huge decline in revenues as alleged by WNPA and subsequently related to NPS as a basis for the criminal investigation. Devries stated gross profits were not accurately reported and there were other areas of concern such as cost of goods sold and what was actually declining was buried in the way WNPA was allocating their costs. Some of these costs consisted of administrative office expenses, hiring of personnel, cost of the new building in Tucson and WNPA salaries. HTP revenues were not substantially different from previous years.**

- WNPA was hiring production and or marketing people instead of financial management staff.

- Devries recalled NPS complaining at some point they were not receiving as much revenue from HTP through WNPA and Devries stated WNPA set the percentages available to NPS and had determined the proceeds should be 6.5% of net instead of gross sales which was a much different figure.

- Devries recalled receiving a phone call from LeAnn Simpson, WNPA Executive Director with the allegation that she had obtained some WNPA checks that were believed to have been forged by Bill Malone, Trader/Manager at HTP. Simpson also related finding an old envelope that contained a letter alleging illegal conduct by Malone. The letter was allegedly from an HTP worker and written in 1992 which was not very current information.

- Devries cited her firm had written previous management letters to WNPA documenting the weaknesses in internal controls at HTP and NPS SA Clyde Yee had requested those letters after the search warrant was executed.

- Devries recalled LeAnn Simpson wanted them to perform the audit at HTP and NPS wanted WNPA to pay for it to assist in the investigation. Devries was told by Simpson HTP would be closed for several days so they could perform the audit so Devries stated she was shocked when SA Yee informed her and [redacted] the evening before the search that they would be assisting on the search and not conducting an audit.

- Devries stated, "We were scared out of our wits" to be participating in the search since SA Yee and other NPS law enforcement had bulletproof vests and guns and they did not. The search started around 6:30 AM on June 9, 2004 and Bill Malone, [redacted] were present throughout the search. Devries recalled piles of rugs – many with HTP tags. Devries stated their initial job during the search was to look for the two consignment ledgers and help identify those items that may be on consignment or WNPA property. There were only four people conducting the search – SA Yee, NPS Ranger [redacted] Devries and [redacted] and they were overwhelmed with the amount of rugs, art and jewelry they encountered. A [redacted] NPS park ranger guarded the door throughout the day and into the evening.

- **Devries and [redacted] stated the search was not well organized and they came across approximately 30 weapons or firearms throughout the almost 16 hours they spent conducting the search of Malone's residence. They would notify a park ranger when they would come across a weapon.**

- Devries and [redacted] recalled the Malones being very quiet throughout the search and would occasionally say, "That is mine" when someone from the search team would put something in a box or bag. Devries stated the residence was tiny and there were boxes and drawers full of jewelry. Devries recalled SA Yee making a phone call and afterwards coming back into the house and telling everyone, "If there is a stack or box of rugs or jewelry and there is a HTP tag in the group, then take or seize the entire group".

- Devries stated they took at least 70% of the rugs and jewelry they found at the house and 50% of what was discovered in the garage. Devries stated no NPS management or WNPA staff came into the Malone residence during the search warrant. Devries and [redacted] both drafted letters describing their participation in the search because they wanted to document things in case there was a inquiry or review of things since it was a criminal investigation.

- Devries returned to HTP to continue their review of financial records in fall of 2004 and stated she was scared because she did not know what Malone might possibly do. SA Yee gave her bags of records for her to try and make sense of and Devries stated the records were not much use. Devries commented SA Yee was "pretty professional" most of the time in his interactions with her firm but did not appear to have a good idea of what was necessary to prove a financial embezzlement. Devries also sat in on interviews of HTP employees by the investigators and was basically working for SA Yee, but getting paid by WNPA.

- Devries and [redacted] came across cash during the search – a Ziploc bag full of cash, mostly $20s and there were receipts in the bag with "BJ" on them. Devries stated it looked like Malone was running a second business based on what she saw.

- Devries remembered she told SA Yee several times that he would need to provide her with Malone's assets and accounts so they could potential track any money from HTP records into his personal accounts. Devries told SA Yee to get the information through subpoenas if necessary and Yee's response was, "Have not had time to do that". Devries related she was being told by WNPA to do the forensic review but they could not without the proper source documents. Devries also remembered SA Yee stating he had not done much white collar crime and he would probably bring in other agencies to assist.

- Devries reviewed some of the chain of custody/search warrant inventory documents and identified G (Garage)-47 to G-57 as her handwriting and NB (North Bedroom)-10 to NB-48 also as her handwriting. Devries recalled her, [redacted] [redacted] and Yee were so busy and overwhelmed with the amount of jewelry, rugs, artwork and documents that they were just putting trays of jewelry in a box or bag and not taking photos, identifying or even doing an item count on what was seized.

- Devries and [redacted] recalled the bedroom [redacted] was full of stuff to include a bunch of rifles in the closet.

- There was a lot of grumbling by WNPA they had to pay Devries' bill for their forensic audit support. WNPA tried to "shame" NPS into paying for it but it was accepted that NPS would handle the investigation and WNPA would pay Devries.

- On June 10, 2004, the day after the search warrant, SA Yee, Leann Simpson, [redacted] and Mary Devries met at their hotel in St. Michael's, AZ. Yee wanted [redacted] to drive the WNPA van, which was full of evidence seized from Malone's residence, to Flagstaff. [redacted] stated she did not feel comfortable driving the big vehicle especially full of expensive jewelry and rugs. It would also mean another day from Devries and [redacted] being able to initiate what they were retained to do – conduct an audit at HTP while it was closed for the three days. It was finally decided Simpson would drive the van.

- Devries and [redacted] recalled HTP was "ripe with gossip" after the search warrant and Malone was removed as Trader/Manager. [redacted] took over as manager. ** **Devries advised WNPA did not change any internal controls or fix any of the obvious weaknesses in the HTP financial accounting system after Malone was removed which Devries thought was a major part of why WNPA was removing Malone or felt strongly should be done. Devries did not note any changes WNPA initiated which would have improved HTP or act on any of Devries' earlier management letters – ways WNPA could improve accounting methods at HTP. Devries stated she brought this to LeAnn Simpson's attention.**

- Devries stated SA Yee was respectful and appropriate on interviews she participated on but seemed to have a history with one HTP employee, [redacted], after Yee commented he had a previous "run-in" with her.

- Devries stated WNPA had some serious problems in their own accounting department as well as on-site at HTP. [redacted] had a bad attitude, lazy and was not competent.

- **It was Devries' opinion that there was political pressure from NPS to conduct a criminal investigation on Malone. Devries was working for NPS and SA Yee but getting paid by WNPA.**

- **In summary, Devries and [redacted] stated the entire WNPA and HTP "Was a strange situation – never been on a search warrant before". No improvements in controls were done by WNPA after Malone was removed. WNPA was "not real nice" to the Navaho community adjacent to HTP and actually did things that hurt the community. The weavers and artisans were pushed out. WNPA ended up changing a long-standing tradition between the Navaho and HTP. Devries opined that consignments could have continued and the whole thing "was a knee-jerk reaction by WNPA".**

United States Department of the Interior
Office of Inspector General

INVESTIGATIVE ACTIVITY REPORT

Case Title **HUBBELL TRADING POST**	Case Number PI-PI-07-0054-I
Reporting Office Ganado, Arizona	**Report Date** March 12, 2007

Report Subject
Interview of [redacted] Ranger, [redacted]

On March 12, 2007 [redacted] Ranger, [redacted], National Park Service (NPS) was interviewed by DOI-OIG Special Agent Paul D. Okerberg. [redacted] was the only other law enforcement officer present during the execution of a NPS search warrant on June 9, 2004 at the Hubbell Trading Post (HTP) National Historic Site in Ganado, AZ. The search took place at HTP Trader/Manager Bill Malone's residence and allegations were made that the search warrant affidavit was false, the scope of the warrant was exceeded and the chain of custody was compromised from the time of the search forward. The purpose of the interview was to obtain additional information about the execution of the search warrant and any other information [redacted] had with respect to the HTP investigation by NPS. The location of the interview was at [redacted].

[redacted] was the [redacted] at the Intermountain Region (IMR) during June 2004. [redacted] assumed that position when Jim Reilly assumed the IMR Special Agent in Charge (SAC) position in November 2003. [redacted] began his career with NPS as [redacted] and in [redacted] was with the [redacted]. [redacted] was [redacted].

[redacted] stated he was initially approached by IMR Chief Ranger [redacted] around April 2004 with the allegations of embezzlement and forgery that may be occurring at HTP. [redacted] was provided the information by Western National Parks Association (WNPA) and specifically, WNPA Executive Director LeAnn Simpson. WNPA helps manage HTP for the NPS. Simpson also provided NPS with a letter from a former HTP employee that alleged Bill Malone was stealing from HTP. [redacted] brought the allegation to SAC Reilly and the case was assigned to SA Clyde Yee.

[redacted] advised [redacted] that warrants would need to be obtained if Malone chose not to cooperate. Yee got search warrants and [redacted] recalled reviewing the potential charges – stealing from WNPA, NPS and the various Navaho artisans. [redacted] did not remember looking at any of the alleged forged checks nor did he assist in drafting the search warrant affidavit for Yee. [redacted] recalled the search warrant was originally designed and planned so that SA Yee could obtain the consignment ledgers and other records Bill Malone may have in his vehicle and residence to corroborate any of the allegations that Malone was stealing from WNPA. [redacted] recalled prior audits at HTP disclosed major problems

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with accounting and internal controls.

The evening before the search warrant, June 8, 2004, a pre-search meeting was held at a hotel in St. Michael's, AZ. Present at the search meeting were Yee, Simpson, [redacted] [redacted] [redacted]). IMR Deputy Director Mike Snyder and two WNPA accounts: Mary Devries and [redacted]. There were two park rangers that would be present during the search to ensure perimeter security. [redacted] stated that how the search warrant would be executed was not discussed. [redacted] stated Yee did make the decision during the pre-search meeting that Devries and [redacted] would help execute the warrant in the Malone home.

[redacted] recalled SA Yee making the knock and announce the morning of the search and there were rugs and jewelry everywhere. [redacted] remembered Malone, [redacted] stayed inside the home pretty much the entire time they searched, from 6:30 AM till almost midnight. [redacted] did not recall any videotaping or photos taken to outline the search but did recall Yee taking some pictures.

[redacted] stated, "It was odd for auditors to be there". [redacted] also remembered thinking that there was jewelry that had Malone and or HTP markings on it but that seemed to him to not be all that unusual since HTP was right next door to the residence. [redacted] remembered Yee calling AUSA [redacted] and then Yee relaying to the search team what [redacted] had told him. Yee stated AUSA [redacted] had advised him that if there were a stack of rugs or jewelry and some (1 out of 10) had HTP tags, then the search team should seize the entire stack. [redacted] advised that he questioned Yee about this and Yee confirmed what he had said was from AUSA [redacted] directions.

[redacted] stated IMR Deputy Director Mike Snyder and [redacted] went to HTP Superintendent Nancy Stone's residence at 6:00 to 6:30 AM to advise her that the search was taking place and that HTP would be closed for an audit for three days. [redacted] recalled there being some concern that Stone may actually have condoned or participated in the alleged embezzlement. [redacted] stated Simpson, Snyder, [redacted] nor Jim Babbitt (WNPA Chairman of the Board) went inside the Malone residence or participated in the actual search.

[redacted] stated it was very late in the evening of June 9, 2004 when they finished the search and loaded up a WNPA van and Yee's vehicle with all the seized items. They went back to the hotel and [redacted] recalled wanting to unload the items and place inside a hotel room to ensure they were kept secure. Yee did not want to do this so [redacted] checked on the security of the vehicles parked at the hotel parking lot during the night.

The next morning, on June 10, 2004, YEE and Simpson drove the vehicles to Flagstaff to unload the seized items there. [redacted] went back to HTP with Mary Devries. [redacted] recalled a complete lack of internal controls at HTP and "the Trader's Desk was a mess".

After the search warrant and while Yee was conducting the investigation, [redacted] stated he would have conversations from time to time with Snyder, who became the IMR Regional Director when Steve Martin left to become NPS Deputy Director. [redacted] stated, "Snyder is a smart guy, knew he should not be privy or part of a criminal investigation". Snyder would ask about the status of the HTP investigation and [redacted] stated he did not know current facts since Yee and Reilly were conducting the investigation. [redacted] did remember WNPA wanting to be briefed all the time and [redacted] did travel to Tucson one time for a WNPA Board meeting and told the Board that the case was in the hands of NPS law enforcement and that updates on the investigation were not appropriate or known by them.

[redacted] related [redacted] WNPA Board member. [redacted] stated the majority of the WNPA Board are career NPS employees or have similar connections. [redacted] stated he was also part of a HTP case review team in [redacted]. The review was initiated because the HTP investigation did not seem to be going anywhere. NPS SA Paul Berkowitz, NPS SA [redacted], Jim Reilly, [redacted], SA Yee and himself were part of the review team.

[redacted] stated he was unaware there were so many problems associated with the HTP investigation since having the special agents report to NPS HQ instead of the regional chief ranger changed how investigations were managed within the region.

United States Department of the Interior
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INVESTIGATIVE ACTIVITY REPORT

Case Title HUBBELL TRADING POST	Case Number PI-PI-07-0054-I
Reporting Office **Washington, DC**	**Report Date** January 10, 2007
Report Subject Interview of Billy Gene Malone	

On January 10, 2007, Billy Gene Malone, former trader at the Hubbell Trading Post (HTP) National Historic Site, was interviewed by Department of the Interior Office of Inspector General Special Agent Paul D. Okerberg. Also present were Malone's [redacted] and NPS Senior Special Agent Paul Berkowitz, who had coordinated the interview. The location of the interview was at Malone's residence located at [redacted]. Malone shares the small home with [redacted]. Malone did not have a [redacted]. He can be reached during the day where he currently works at the [redacted], located adjacent to the [redacted].

Malone was provided a copy of the declination letter from the U.S. Attorney's Office in Phoenix, officially dropping the criminal investigation of Bill Malone and allegations of theft, forgery, and embezzlement while he was employed at HTP. Malone was also provided by NPS Special Agent Paul Berkowitz a property receipt documenting the further return of Malone's property seized by NPS during the execution of a federal search warrant on June 9, 2004. The U.S. Attorney's Office, District of Arizona, in Phoenix requested SA Berkowitz facilitate the return of Malone's property since the case had been declined.

Malone recounted the events that took place during the June 9, 2004 search warrant at his residence located on the HTP compound. Malone recalled a knock on the door at 6:00 a.m. and there were four to six people standing in his doorway. Malone was patted down and was instructed to get everyone out of bed. There was Malone, his [redacted], and [redacted] at the house. NPS SA Clyde Yee instructed Malone and his family to sit on the couch and that if they left the house, they would not be allowed to come back until the search was finished. [redacted] recalled telling the search team at various times throughout the search that they were taking [redacted] personal jewelry or belongings, and commented [redacted] was ignored and they took it anyway. [redacted] also remembered a [redacted] NPS ranger escorting and staying with [redacted] as [redacted] went to the bathroom. [redacted] stated [redacted] was very concerned for [redacted] well-being and health since they had been forced to get out of bed so early and the shock of going through something like this. [redacted] also recalled getting up off the couch late morning or almost mid-day and informed the search team that [redacted] and

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had to eat. [redacted] left for church around 8:00 or 9:00 p.m. that evening and came back shortly before midnight when the search was ending. The search lasted from 6:00 a.m. to around 11:45 p.m.

Bill Malone stated the search warrant team began with six people and then two more joined in. Malone believed there were a few [redacted] from WNPA that participated in the search. Malone tried to point out to the search team what was his property and what was on consignment with HTP and he stated he was ignored and it was seized and taken anyway.

Malone was asked during the interview about why HTP profits seem to sharply decline in 2003 through the early part of 2004, and Malone had no real answer other than WNPA had changed a lot of what he had traditionally done as the trader. Bookkeepers or the accounting department at WNPA also seemed to have a lot of turnover as well as at HTP. Malone recalled [redacted], [redacted], and [redacted] as some of the accounting employees that had come and gone at HTP.

Malone disliked the new WNPA Executive Director, LeAnn Simpson, commenting she was "very caustic" and micromanaged the HTP and him in the relatively short time she had been with WNPA. Jim Babbitt would come by HTP occasionally and, in 2002, had wanted Malone to drop the Pendleton supplier to HTP for another supplier of Pendleton products (that allegedly was connected with [redacted].) [redacted] had trading posts at one time and Jim Babbitt had other people manage them, but [redacted] so Malone was skeptical of Babbitt's expertise as a trader or managing trading posts.

WNPA always had conducted audits at HTP, at least twice a year. Malone always questioned whether they knew what they were doing since one time they forgot to check accounts receivable, which amounted to $200,000, and were forced to return to HTP to finish the audit. Sometimes the audits were quarterly. As to why revenues seemed to plummet in 2003, Malone again could not provide a reason other than WNPA should have done an audit in December 2003 and the audit might reveal what the problem was.

Malone stated things changed so much as WNPA became even stricter on the way HTP was operated. WNPA staff numbered items, an auditing firm out of Albuquerque or somewhere was hired and it seemed WNPA wanted HTP to be more "like an Indian curio store downtown." Malone stated that he had no plans to retire (in his [redacted] and WNPA reassured him when they asked him if he was going to retire, that they were not trying to get him to retire.

Malone feels NPS is "in too tight" with WNPA and there were "behind door deals" to renew the cooperative agreement between NPS and WNPA. Malone had learned from friends that since his departure from HTP, the new superintendent at HTP has held community meetings on the future direction for HTP. Steve Pickles replaced him as trader at HTP, and Malone described him as "a nice guy, but not an Indian trader." The community meetings would always end up with everyone lamenting about how much they missed Malone and reportedly Pickles stood up and stated he had enough hearing about Malone.

WNPA stopped the charging of groceries, cashing checks, etc, all of which have been longstanding traditions or services at HTP since there are no banks or post offices close for the Navaho to go. Nancy Stone was superintendent for HTP for 11 years (1995 to 2006), and Malone felt WNPA took advantage of her being a little "green" or new to HTP and imposed their authority over Stone managing the HTP site. Malone stated he holds no animosity toward NPS and feels they were directed or manipulated by WNPA. Malone feels Jim Babbitt, and WNPA, was the force behind the investigation and his termination at HTP.

Malone became emotional a couple of times during the interview and stated, "This whole thing has taken a couple of years off of my life." Malone was appreciative of friends that have helped him and almost seemed sorry when he acknowledged that friends of his had probably given NPS SA Clyde Yee and other investigators a hard time when they tried to interview them. Malone stated SA Yee never contacted or asked him questions during the investigation.

Malone believes the property that was seized from his residence was cataloged in November 2004, and he received an itemized inventory on July 13, 2006, when some of his property was returned to him. Malone stated a $235 family shawl is missing from the items taken from a search warrant that was executed by NPS on his storage locker in Gallup, NM. There is also some cash missing he knew he had at his residence and, in particular, $400 in an envelope. There were other items like a large stack of phone cards he had purchased with his own money. He would give weavers the phone cards as a gift and then put proceeds of any that he sold in the HTP donation box.

Malone believes his attorney fees are roughly [redacted] and that $[redacted] had to be given up front. Malone stated friends raised the money for the attorney. Malone provided copies of his [redacted] checking account from months leading up to the search and other cash assets as requested by AUSA [redacted] in Phoenix. Copies of these statements and a property receipt can be referenced in the investigative file. Malone agreed to fully cooperate with DOI-OIG and would be available for any further questions or clarifications.

Malone commented in closing that the investigation has really hurt him and that people who knew and depended on him were also affected. Many of the items he had on consignment from weavers, jewelers, and various artisans had been deprived of their merchandise or proceeds for years. In particular, Dick Johnson, a fellow trader and friend of Malone, had died and [redacted] was now waiting on the consignment to be returned to them.

Office of Inspector General
Program Integrity Division
U.S. Department of the Interior

Investigative Activity Report

Case Title	**Case Number**
HUBBELL TRADING POST	PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** January 25, 2007

Report Subject
Interview of [redacted] – NPS Associate Regional Director – Business & Technology

On January 25, 2007, [redacted], NPS Intermountain Region Associate Regional Director for Business and Technology, was interviewed by DOI Office of Inspector General Special Agents Paul D. Okerberg and [redacted]. The location of the interview was at NPS Intermountain Regional Headquarters in Lakewood, Colorado. The purpose of the interview was to obtain background information on the cooperative agreement and Interpretative Support Account (ISA) NPS has with Western National Parks Association (WNPA) and, in particular, on the Hubbell Trading Post (HTP).

[redacted] was familiar with the congressional mandate that established HTP as a national historic site "to commemorate the trading environment of past generations." [redacted] explained WNPA is a 501(c) (3) non-profit corporation that was established to manage the visitor centers and bookstores at some of the national parks in the western United States, and a varying percentage of those revenues could be available to NPS through an ISA that is totally controlled and managed by WNPA. There are some basic parameters for what WNPA can sell and how they sell it, but WNPA collects the sales revenue and places the funds into the ISA account they control and HTP submits requests to WNPA for the money. The monies are to be only released for those requests that have a direct nexus to the park's interpretative programs. [redacted] commented the former superintendent at HTP, Nancy Stone, submitted some "weird" requests for the ISA funds such as cat food, etc.

[redacted] recalled it was WNPA that approached NPS about Bill Malone, the trader at HTP, and alleged check fraud and embezzlement. [redacted] stated that the basis for NPS getting involved was that HTP was located on federal property and at a NPS park. [redacted] recalled NPS Special Agent Clyde Yee would submit funding requests to him, he would review the requests, and then the regional director would approve. [redacted] recalled some of the requests were for the extensive inventorying of the seized items from Malone's residence. [redacted] also remembered there was a [redacted] contract between WNPA and Devries and Associates to perform some audit work and to assist the criminal investigation.

[redacted] reflected on the investigation as "Clyde Yee saw enough critical mass or indicators that a crime could have occurred, but we screwed ourselves by putting the cart before the horse." [redacted] contends that NPS had real concern whether it was NPS employees in addition to Malone, who work for WNPA, who may have done something wrong. [redacted] commented WNPA Executive Director LeAnn Simpson entered into her new role in managing HTP and wanted everything to be automated, one set of books to be

Reporting Official/Title	**Signature**
Paul D.Okerberg, Special Agent	Paul D Okerberg

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done at WNPA corporate headquarters and to put computers in HTP to track everything. [redacted] stated [redacted] former NPS Deputy Director Steve Martin and currently [redacted] in the Southwest for NPS, has tried to facilitate a less abrupt change for HTP's historic practices and mission to remain a "living" trading post from decades ago.

The following documents were verbally requested from [redacted] and followed up with an e-mail request:

(1) The cooperative agreement between NPS and WNPA for all the parks WNPA manages.
(2) The cooperative agreement and any supplements therein between WNPA and NPS for HTP in specific.
(3) All funding requests associated with the NPS investigation of Bill Malone and HTP and supporting receipts.
(4) Historical records to date for the ISA accounts between NPS and WNPA.

[redacted] recalls it was around President's Day in 2004 when HTP Superintendent Nancy Stone found out HTP would only be receiving the minimum amount outlined in the cooperative agreement, which is $2,000. [redacted] stated WNPA had determined HTP did not generate enough revenues for there to be a higher amount of funds available in the ISA account.

[redacted] was asked about the ISA accounts and if the balances were allowed to accumulate from year to year if funds requested did not exceed funds available for that given year. [redacted] stated that it was not until the HTP investigation started in 2004 that NPS ever even tracked the ISA accounts. [redacted] believed the monies in the ISA accounts could be carried over from year to year.

The topic of the NPS investigation of Bill Malone and HTP resumed and [redacted] recalled WNPA Director Simpson making the allegation Malone was forging checks and "it [the investigation] went off from there." [redacted] commented that NPS law enforcement—rangers or agents—were way "in over their heads" on the Malone investigation since they have no financial fraud training and no real experience working white collar or complex cases. [redacted] commented, "The whole NPS law enforcement thing is a very curious thing" and in this case, "it was convicted before other things or steps took place." [redacted] also added that park superintendents are "bullet proof" and can refuse oversight especially superintendents at the larger parks and with more years of service. [redacted] stated that he is not career NPS but came from another government agency several years ago and is trying to affect positive change within NPS to make it more modern and run efficiently.

[redacted] concluded the interview by stating he never received any phone calls or pressure from WNPA or Jim Babbitt, chairman of WNPA, for funding the investigation. Ultimately, after investigative funding requests were received and reviewed by him, it was the regional director—Steve Martin or Mike Snyder—later that would approve them.

United States Department of the Interior
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INVESTIGATIVE ACTIVITY REPORT

Case Title Hubbell Trading Post	Case Number PI-PI-07-0054-I
Reporting Office Ganado, Arizona	Report Date April 17, 2007
Report Subject Interview of [redacted], IMR [redacted]	

On April 17, 2007, [redacted], NPS Intermountain Region (IMR) [redacted], was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain additional information related to the NPS investigation of Hubbell Trading Post (HTP) National Historic Site and Bill Malone, HTP Trader/Manager. [redacted] IMR cooperative agreements and has worked closely with Western National Parks Association (WNPA) and their management of HTP in Ganado, Arizona.

[redacted] for NPS but his responsibilities also include educational and scientific aspects of IMR's parks, in addition to the [redacted]. [redacted] stated WNPA is a 501 (c) (3) non-profit organization that has a standard agreement (renewable every five years) with the NPS. In addition, there generally is a specific agreement that covers each specific park WNPA manages within IMR. [redacted] stated the agreements are fairly broad and do not mention specifics as to percentages of revenues that are donated back to the NPS. [redacted] explained that for WNPA to retain their non-profit status, they donate monies back to NPS but there is no defined monetary arrangement as specified in the affidavit for the search warrant executed on Bill Malone's residence. [redacted] stated, "There are never any specific languages as to percentages". In fact, [redacted] stated WNPA can choose to withhold donations altogether. [redacted] related WNPA will review their strategic plan in June 2007.

HTP is the only site within IMR that is entirely managed by a non-profit. There is a standard 6.5% of gross revenue that is returned to NPS from WNPA from each park they help manage. HTP is unique in that it is 6.5% of net revenues, instead of gross. [redacted] stated HTP has some unique features and supposedly has more overhead costs than what a normal bookstore or visitor center at a park would have.

WNPA has their own publishing staff, publishes their own books and thus would get more revenue without a "middle man" publishing company. [redacted] believes the publishing capability of WNPA also assists NPS since WNPA has published books for some parks or historic sites that were not available for park visitors until initiated by WNPA. [redacted] stated Rose Fennell is the National Cooperating Association Coordinator and is in Washington DC. She prepares an annual report that gives all the statistics for parks under cooperative agreements.

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[redacted] related that there are some pretty creative methods cooperative associations can use to adjust their annual reports to reflect aid to NPS. For example, WNPA can charge up to 50% of their staff at a park to NPS since WNPA staff invariably provides directions and answers general questions from park visitors assuming WNPA are NPS employees. [redacted] commented there is no straightforward policy dictated to cooperative associations and he felt that needs to change so that they all operate under the same guidelines.

The superintendents throughout IMR wanted more control of the Interpretative Support Accounts (ISA), the accounts set up for each park where WNPA would deposit their donations. The ISA accounts have guidelines and a park must submit a request to WNPA for a legitimate interpretative funding need to allow monies from the ISA to be provided to NPS. WNPA has allowed the various parks and their respective ISA account balances to carry over from one fiscal year to another, which adds to the flexibility of the parks to accumulate monies to fund larger expenditures for their interpretative programs.

[redacted] provided the current cooperative agreements between WNPA and NPS and also the cooperative agreement from WNPA for HTP. He also agreed to provide suggestions that might improve the standards and guidelines for NPS cooperative agreements.

[redacted] stated no one from NPS Law Enforcement ([redacted]) asked him any questions related to the cooperative agreement between NPS and WNPA for the Hubbell Trading Post or how the monies or percentages were provided to NPS.

Office of Inspector General
Program Integrity Division
U.S. Department of the Interior

Investigative Activity Report

Case Title HUBBELL TRADING POST	Case Number PI-PI-07-0054-I Related File(s) 07-IA-003
Case Location Ganado, Arizona	Report Date February 5, 2007

Report Subject
Interview of NPS Special Agent [redacted]

On February 5, 2007, [redacted], Special Agent (SA), National Park Service (NPS), Tucson, AZ, was interviewed by DOI-OIG Program Integrity Division Special Agents Paul D. Okerberg and [redacted] The purpose of the interview was to obtain information related to the chain of custody and other investigative issues that occurred as a result of a June 9, 2004 search warrant executed by NPS SA Clyde Yee at the residence of Bill Malone, Trader/Manager, Hubbell Trading Post (HTP), Ganado, AZ. The relationship between the Western National Parks Association (WNPA) and NPS is also a central part of this case.

[redacted] started as a [redacted] with NPS in [redacted] and in [redacted] In [redacted] completed the FLETC Basic Police course and returned to FLETC in [redacted] completing the Criminal Investigator training course in [redacted] worked for NPS Special Agent in Charge (SAC) Jim Reilly (now retired) for several years and felt he was probably not the best suited for the regional SAC position. [redacted] recalled NPS SA [redacted] was an agent at [redacted] and fooled SAC Reilly "big time" by never doing any work and "carrying on with a lot of ladies" – on and off the job. [redacted] recalled some of the gossip about [redacted] and that it was commonly known "[redacted] was providing free [redacted]" and there was a group of [redacted] NPS employees called the "[redacted]". [redacted] felt SA Clyde Yee was able to do the same thing since Yee conducted the investigation on Malone with very little managerial direction and Reilly not providing adequate oversight.

[redacted] did not participate in the Malone search warrant but did receive a phone call from SAC Reilly sometime after the warrant was executed on June 9, 2004. Reilly wanted [redacted] to find a place to store the evidence seized from Malone's residence and that it would only be needed six months. [redacted] was able to secure space at a NPS facility, the Western Archaeology and Conservation Center (WACC), in Tucson, AZ. [redacted] knew the WACC staff and was able to secure storage space there for the evidence. [redacted] recalled the evidence was transported from Flagstaff, AZ by U-Haul on or about July 4th, 2004 to Tucson. [redacted] believed some of the evidence had already been photographed and inventoried in Flagstaff but did not know any specifics. NPS Ranger [redacted] from the NPS [redacted] drove evidence to Tucson and SA Yee followed in his government vehicle. The U-Haul truck with the evidence was locked up in a DEA - HIDTA secured parking lot overnight. The following day the evidence was

Reporting Official/Title Paul D.Okerberg, Special Agent	Signature Paul D. Okerberg

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driven to the WACC and transferred to a U-Haul trailer that could be secured in one of the WACC's loading dock bays.

[redacted] stated [redacted] then began the long process of placing the evidence (primarily the Navaho rugs, approximately 554 rugs) in a freezer to ensure there were no insects or moths and then placing the evidence in yet another secured storage space at the WACC. Locks were changed on the storage space so the WACC master lock system would not allow access into the evidence area.

[redacted] stated no chain of custody documents were with the evidence from Flagstaff and [redacted] demanded Yee provide them before he left Tucson. SA Yee wanted to hire staff at WACC to complete inventory of evidence which was eventually coordinated with WACC personnel charging their hours and overtime to a special account number designated for the Malone investigation.

[redacted] got the evidence storage area re-keyed and called SA Yee to see if he wanted a copy of the key as case agent and [redacted] would maintain the other as evidence custodian. [redacted] stated Yee did not want a key and that he would be down in a couple of weeks – on or about August 1, 2004 and he would get a key then. Yee did not come to Tucson in August or September that [redacted] ould recall. [redacted] also reminded Yee that a photo log should be done of all the evidence; criminal checks should be done on WACC staff or anyone who would be conducting the inventory; and there should always be a law enforcement officer or agent present anytime the evidence was accessed. [redacted] stated none of this was ever done by Yee.

[redacted] left Tucson to attend to [redacted] in Washington State at the end of August 2004. [redacted] told Yee where [redacted] vas going and gave him contact numbers as well as [redacted] oice mailbox had all [redacted] ontact numbers. [redacted] coordinated [redacted] ravel through [redacted] upervisor, SAC Jim Reilly, who was also Yee's supervisor. While [redacted] was away, Yee contacted WACC [redacted] on August 31, 2004 and electronically sent him a memorandum from Denver authorizing [redacted] to allow a locksmith to change the locks on September 1, 2004 for the evidence room, effectively breaking the chain of custody [redacted] returned from visiting [redacted] on September 2, 2004 and did not know the locks had been changed until [redacted] placed a call on September 17, 2004 to [redacted], a supervisor at the WACC, to let [redacted] know that [redacted] had not heard anything from Yee on what to do with the evidence. [redacted] seemed surprised and told [redacted] that Yee had the locks changed on September 1, 2004 and WACC staff had already began inventorying the evidence.

[redacted] immediately called SAC Reilly and Yee about the break in the chain of custody on the evidence. Reilly did not know about the evidence problem until [redacted] told him and Reilly told [redacted], "The chain of custody could be rehabilitated". [redacted] stated that Yee had convinced Reilly that it could be accomplished. [redacted] was shocked that Reilly would think that there was not now a huge problem that could compromise the entire case and the items seized. [redacted] stated [redacted] had some general problems working with Yee in the past and did not care for his flippant approach or responses to [redacted] when [redacted] felt [redacted] had identified a serious problem now with the integrity of the evidence, which was questionable from the beginning.

On October 4, 2004, [redacted] wrote a memorandum to SAC Reilly documenting the evidence problems. [redacted] felt [redacted] had to document the serious problems [redacted] had with the Malone evidence and Reilly was not happy with [redacted] because of it. [redacted] stated, "Reilly verbally beat [redacted] up" on the phone and that he did not want [redacted] to document the issues [redacted] had and that he felt it was something

that "could be worked out". [redacted] became even more irritated when [redacted]iscovered Reilly had called around to other agents and asked them if [redacted] had complained to them about Yee's handling of the evidence. [redacted] recalled NPS SA Paul Berkowitz was also called by Reilly and Berkowitz let Reilly know that [redacted] was right and that now the evidence and chain of custody was tainted and the integrity of the seized items had been compromised.

On April 17, 2006, [redacted] recalled meeting NPS SA Berkowitz and Bill Malone at the WACC to identify Malone's property. The inventory did not match up with SA Yee's inventory records.

[redacted] concluded the interview by stating SA Yee expended a lot of money on the Malone investigation and the jewelry and rugs seized were worth a lot of money. [redacted] was also not familiar with any apparent problems with [redacted] SA Yee worked several years ago in [redacted].

Office of Inspector General
Program Integrity Division
U.S. Department of the Interior

Investigative Activity Report

Case Title	Case Number
HUBBELL TRADING POST	PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** January 23, 2007

Report Subject
Interview of NPS Special Agent in Charge Jim Reilly

On January 23, 2007, Jim Reilly, retired National Park Service (NPS) Special Agent in Charge (SAC) for NPS Intermountain Region, was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted] The interview was conducted at Mr. Reilly's home in [redacted]. The purpose of the interview was to obtain further information about NPS' investigation of Bill Malone and the Hubbell Trading Post (HTP). Reilly was the supervisory agent during the majority of the NPS investigation.

Reilly began his NPS career in [redacted] National Park and has worked at [redacted] National Park, [redacted], and [redacted] National Parks. He spent [redacted] years at the NPS Regional Office in Lakewood, CO, serving as Ranger Activity Specialist, Program Leader, Regional Branch Chief, and was promoted to SAC in 2002; although, he had [redacted] prior to the promotion to SAC. Reilly retired in January 2006 after serving 30 years with the federal government. ***Agent's Note: Reilly was*** [redacted] ***– which is also a Program Integrity investigation.***

NPS SA Clyde Yee was hired by Reilly around 2001 and Yee came from Shenandoah National Park. SA Yee was the case agent for the Bill Malone/Hubbell Trading Post investigation and was selected by Reilly based on Yee's workload being so much less than other agents within Reilly's region. Reilly mentioned he had [redacted] Yee in 2005 [redacted] was not directly related to the Malone investigation. The issue was that Yee [redacted] Reilly [redacted] because NPS was [redacted] at the time. Yee was [redacted] and Reilly believes Yee [redacted]. Reilly commented NPS headquarters in Washington, D.C., [redacted] Yee.

Reilly stated SA Yee was "passionate" about the Malone investigation and could also be described as being a staunch believer that Malone was guilty. Reilly felt Yee was headstrong in the investigation but, at the same time, believed Yee's casework to be adequate. Yee does not write particularly well and Reilly was not sure Yee actually was the sole author for the search warrant affidavit on Malone's residence,

Reporting Official/Title	Signature
Paul D.Okerberg, Special Agent	Paul D. Okerberg

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since it appeared to be written much better than Yee normally wrote. Reilly commented AUSA [redacted] may have written it for Yee.

Reilly recalled the Malone investigation began with Western National Parks Association (WNPA) Executive Director LeAnn Simpson meeting with Regional Chief Ranger (b) (6), (b) (7)(C) in April or May 2004, alleging that Bill Malone, the trader for the Hubbell Trading Post National Historic Site, may be embezzling from HTP and forging WNPA checks. Another fraud indicator Simpson relayed to NPS law enforcement was the sharp decline in revenues at HTP. Reilly assigned the investigation to Yee and Reilly was very skeptical of getting a search warrant for Malone's residence at HTP, since a residential search warrant generally has a much higher burden of probable cause before presenting to a judge. But that is the direction Yee took and he did get the search warrant.

Reilly stated he was on vacation during the execution of the search warrant at Malone's residence at HTP on June 9, 2004. Yee had claimed in his search warrant affidavit that "by contract," NPS received 6.5 percent of the monies received from sales at HTP and that was the nexus by which a federal investigation could be launched. If those monies were stolen or embezzled, a federal crime would have been established. Reilly was unable to find a contract that specified that type agreement and there was no direct connection that monies embezzled from HTP would fall under federal jurisdiction. Reilly still felt there would be a crime, but attorneys would have to find the appropriate statute to charge Malone. Reilly suggested that perhaps LeAnn Simpson provided the 6.5 percent issue to Yee and that those were NPS monies. (***Agent's Note:*** *The 6.5 percent of net proceeds from HTP is maintained by WNPA and is made available to NPS but only by request and approval from an Interpretative Support Account (ISA) set up and maintained by WNPA.*)

Reilly was questioned about an alleged break in the chain of custody that happened with the seized items from Malone's residence. Reilly acknowledged there had been a breach in the chain of custody and that he had to prod Yee to inform the U.S. Attorney's Office about the incident when Reilly and Yee were having a meeting with the Assistant U.S. Attorney [redacted].

Reilly stated that he did not know WNPA employees participated in the search of Malone's residence. Reilly did recall that SA Yee and the search warrant team were not prepared for the huge amount of "evidence" that was found at Malone's residence. Reilly commented several times that NPS law enforcement was not accustomed to large scale financial fraud investigations and they "were a little out of their element" on the HTP investigation.

Reilly recalled NPS Region 6, the Intermountain Region, was funding the investigation. SA Yee would submit funding requests and the Region set up a special account for the Malone investigation. There was a huge amount of "evidence" taken from Malone's home in the form of Navaho jewelry, rugs, etc., and Reilly stated it was very time consuming and expensive to catalog all of it – possibly $100,000 between that and the copying and bate stamping of financial records. There were also deployments of investigators to canvas the areas around HTP for interviews of alleged victims and other possible suspects. Reilly would get approval from either Regional Director Steve Martin or Deputy Regional Director Mike Snyder for the investigative funding requests.

Reilly brought up numerous times during the interview his belief that Malone was guilty and that at the minimum Malone should have been charged with check forgery based on 50 checks that Reilly claimed were identified as forgeries. Reilly was emphatic that since the search warrant only seized half of the items at Malone's residence (and he claims that was valued at $8 million dollars) that it is improbable that Malone could have $16 million dollars worth of artwork at his salary level without having stolen or embezzled at HTP. (***Agent's Note:*** *SA Yee placed a value of approximately $5.5 million on the seized evidence, not the $8 million Reilly stated, and even that amount was not verified as artwork is difficult to appraise or place a value on.*)

Reilly feels that having the Malone investigation transfer to four different attorneys within the U.S. Attorney's Office in Phoenix really had an impact on the case going forward. Reilly felt the current attorney would always be looking back at what the other attorney had done instead of focusing on moving the investigation forward. Reilly also believed that the state (Apache County) should have taken the case, but it was declined by them according to Reilly because it was too complex and would have been costly to prosecute.

Reilly stated he was the one who suggested to NPS management that NPS Senior Special Agent Paul Berkowitz take over the investigation from SA Yee. There was some pressure (although nothing out of the ordinary) from Washington and NPS Region 6 on what was happening (i.e., when would charges be brought against Malone, when could the seized items be released to WNPA, etc.). Reilly does feel that some exculpatory information was being excluded from the investigation and a sense of arrogance or short-sightedness developed with Hubbell, especially with respect to SA Yee. However, Reilly concluded the interview with the strong belief that Malone was a thief and that the case should have been prosecuted, especially on the forged checks.

Later the same evening and again on the following day, January 24, 2007, Reilly contacted the reporting agent and wanted to clarify a few issues. On the subject of presenting the investigation for prosecution to both the U.S. Attorney's Office and the Arizona – Apache County District Attorney, Reilly felt it was not attorney shopping as much as he was not sure who would have the stronger case – federal or state. He also reemphasized that NPS was not used to working this type of complex financial fraud investigation and were at a loss at times how to get the case ready for the prosecutor.

Reilly also retracted his earlier statement that he was unaware of WNPA employees participating in the search of Malone's residence. Reilly actually promoted the idea of having WNPA employees present so that they could identify any property that might belong to WNPA. Reilly stated that they would have been safe since law enforcement was present. (***Agent's Note:*** *One or both of the WNPA employees came across weapons in Malone's residence during their search.*)

Reilly continually reiterated Malone had to be guilty based on the fraud indicators of declining profits at HTP, the forged checks, and that there was no way Malone could have amassed such wealth or assets in jewelry and rugs without having stolen them.

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Investigative Activity Report

Case Title	Case Number
HUBBELL TRADING POST	PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** January 24, 2007
Report Subject Phone call from retired NPS SAC Jim Reilly	

On January 24, 2007, a phone call was received from retired NPS SAC Jim Reilly to provide additional information on his supervision of Special Agent Clyde Yee and the investigation of Bill Malone, trader for Hubbell Trading Post (HTP). Mr. Reilly was interviewed at his home in [redacted], the previous evening and this was the second time he had called to explain decisions that were made by NPS law enforcement during the HTP investigation.

Reilly reiterated only half of the property in Bill Malone's residence was taken when NPS executed their search warrant on June 9, 2004. And based on that, Reilly was incredulous to that an individual who made $[redacted] could possibly have $16 million of Native American art in their home unless they had stolen it. Reilly came up with the estimate of $16 million based on his belief that the "evidence" seized from Malone's home was worth $8 million and NPS had only taken half. (***Agent's Note:*** *SA Clyde Yee had made an estimate of $5.5 to $6 million, while NPS SA Paul Berkowitz feels $1 million or less is probably more accurate.*)

Reilly also mentioned it was determined that Malone had not [redacted] and this further corroborated NPS' belief that Malone was trying to hide his financial assets. Reilly also recalled the initial Assistant U.S. Attorney they worked with was [redacted] and Reilly feels the [redacted] probably significantly affected AUSA [redacted] time that he was able to spend advising and reviewing the NPS case on Malone. Reilly also reiterated that the reason the case on Malone was presented to both federal and state prosecutors was that there was a question as to which entity may have jurisdiction depending on what statutes were ultimately charged.

Reilly also tried to justify the presence of two accountants with Devries and Associates at the search warrant and felt it was appropriate for them to be there even though they were not law enforcement and were actually hired to do an audit at HTP.

In closing, Reilly reiterated his belief that there was a case that could be brought against Malone and that all the fraud indicators could not be wrong.

Reporting Official/Title	Signature
Paul D. Okerberg, Special Agent	

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INVESTIGATIVE ACTIVITY REPORT

Case Title **Hubbell Trading Post**	**Case Number** **PI-PI-07-0054-I**
Reporting Office **Washington, DC**	**Report Date** **July 15, 2007**
Report Subject **Interview of Jim Reilly**	

On July 15, 2007, an interview was conducted with Jim Reilly, retired National Park Service (NPS) Special Agent in Charge (SAC) for the NPS Inter-Mountain Region (IMR). The basis for the telephonic interview was to verify information received that Reilly had instructed NPS Special Agent (SA) Clyde Yee not to use Devries and Associates Accounting Services in the Bill Malone investigation at Hubbell Trading Post. Reilly stated his reason for instructing SA Yee not to use Devries was based on Reilly's belief that there would be a conflict of interest using Devries for a criminal investigation when Devries was already retained by Western National Parks Association (WNPA) to provide accounting services at Hubbell Trading Post.

Reilly was surprised to learn that not only had SA Yee initiated Devries doing the forensic audit at Hubbell Trading Post against his instructions, but that NPS IMR management had campaigned for Devries to be contracted and they worked on the criminal investigation for ten months from May 24, 2004 until March 24, 2005. Reilly was SA Yee's direct supervisor in Lakewood, Colorado.

Reporting Official/Title Paul D. Okerberg, Special Agent, Program Integrity	Signature

Authentication Number: [redacted] (b) (6), (b) (7)(C), (b) (7)(E)

United States Department of the Interior
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INVESTIGATIVE ACTIVITY REPORT

Case Title **Hubbell Trading Post**	**Case Number** **PI-PI-07-0054-I**
Reporting Office **Ganado, Arizona**	**Report Date** **April 19, 2007**
Report Subject **Interview of Steve Martin, Superintendent, Grand Canyon National Park**	

On April 19, 2007, Steve Martin, Superintendent, Grand Canyon National Park and former NPS Intermountain Region (IMR) Director, was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain additional information related to the NPS investigation of Hubbell Trading Post (HTP) National Historic Site and Bill Malone, HTP Trader/Manager. Martin was the IMR Director from when the initial allegations were received by NPS; during the search warrant that was executed by NPS at Malone's residence on June 9, 2004; and until he was promoted to Deputy Director of the National Park Service in the summer of 2005.

Martin recalled attending a NPS Superintendent's meeting in Phoenix in the spring of 2004. Martin stated Western National Parks Association (WNPA) Chairman of the Board Jim Babbitt and WNPA Executive Director LeAnn Simpson attended the meeting and presented what they believed to be forged WNPA checks that originated from HTP. Simpson and Babbitt expressed their concern over falling revenues in recent years at HTP and they felt Bill Malone as the Trader/Manager of HTP was possibly embezzling or forging. Simpson had some of the alleged forged checks, receipts and voiced their concern with consignment items at HTP and questionable accounting practices there. Martin agreed there was legitimate concern and it was worth looking into. Martin stated he, IMR Assistant Regional Director (ARD) for Park Operations [redacted], ARD for Administration/Budget [redacted], IMR Chief Ranger [redacted] and IMR Deputy Director Mike Snyder were part of the decision to pursue an investigation.

The allegations were turned over to NPS Special Agent in Charge Jim Reilly and the investigation was assigned to Special Agent Clyde Yee. Yee obtained a search warrant and Martin and IMR senior management "were apprised of events as they unfolded". After the search warrant, "it appeared to be a very serious situation and potential crime". Martin believed having WNPA's accounting firm conduct the forensic audit of HTP financial records was appropriate as long as it was under the guidance of the NPS investigators. Martin had discussions with [redacted] and [redacted] at NPS Headquarters in Washington, DC and was assured that this type of investigation was why the NPS special agent program was in existence. Martin recalled a senior group of NPS law enforcement came in at one point and did a review of the case direction and progress.
Martin stated he had some suspicions of the friendly relationship between HTP Superintendent Nancy Stone and Bill Malone and that is why he made the decision to not advise Stone of the search warrant

Reporting Official/Title Paul D. Okerberg, Special Agent	Signature
Authentication Number: [redacted]	

that was executed at HTP and Bill Malone's residence on June 9, 2004. Martin also approved the decision to close HTP for three consecutive days so that an audit could be conducted at HTP as well as the execution of the search warrant.

Martin denied any arrangement with WNPA or LeAnn Simpson that would allow them up to date information on how the investigation was progressing. He stated he never received pressuring phone calls but met with WNPA officials through his normal course of business as IMR Regional Director. Martin was present during one or two case briefings conducted by Clyde Yee.

Martin stated he began [redacted] (b) (6), (b) (7)(C) as he was promoted to Deputy Director for NPS. Martin relied exclusively on the NPS agents "to do it right" and insisted he wanted a thorough investigation and that was the reason IMR funded such a large amount of money for the investigation. Martin expressed concerns he had then and now for the NPS special agent program.

Martin related [redacted] (b) (6), (b) (7)(C) the NPS Head of Indian Affairs and is responsible for many Native American programs such as the Native American Graves Repatriation Act and also has supervisory responsibility over three national parks located in or adjacent to the Navaho or Hopi reservations. Martin acknowledged [redacted] (b) (6), (b) (7)(C) has a difficult job now since there has been a lot of controversy over the HTP investigation and many people (including the affected Native Americans) do not differentiate between NPS and WNPA. Martin also added there appears to be room for improvement or changes with existing cooperative agreements.

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Investigative Activity Report

Case Title HUBBELL TRADING POST	**Case Number** PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** January 25, 2007
Report Subject Interview of [redacted], DOI-OIG Auditor, [redacted]	

On January 25, 2007, [redacted] auditor with DOI-OIG Audits in [redacted], was interviewed by DOI-OIG Special Agents (SA) Paul D. Okerberg and [redacted]. [redacted] was requested by DOI-OIG SA [redacted] in 2004 to assist her on a case she was working with NPS, the Bill Malone – Hubbell Trading Post (HTP) case. [redacted] was asked to perform a forensic audit of documents and financial records seized from Malone's residence and HTP to determine whether an embezzlement or theft had occurred. The purpose of the interview was to obtain additional information on what [redacted] conclusions were with respect to the audit he performed and his interactions with the criminal investigators assigned to the case.

[redacted] stated he spent 4 to 5 months reviewing a lot of documents that were provided to him by NPS, SA [redacted] and Western National Parks Association (WNPA), the non-profit operating or managing HTP through a cooperative agreement with NPS. His conclusion was that there were inadequate source documents and a lot of other accounting problems that prevented him from determining whether Malone or anyone had embezzled or stolen from HTP and the WNPA.

[redacted] felt there were some inherent problems with the way WNPA managed the HTP since they were trying to use a retail method of accounting (such a grocery store that keeps a count on cans or bags of food) versus a perpetual system that would have been more practical for the more expensive items HTP had such as rugs, jewelry, Native American art, etc. [redacted] added that HTP's accounting system did not support, nor could it identify, who owned some of the property available for sale at HTP, such as consignment items.

[redacted] also commented NPS investigators created a massive database that "was worthless" and it showed NPS had no experience with financial fraud investigations. There were tons of data in the database but it was not really useful or complete to use for his audit purposes. [redacted] stated he worked off of copies and originals of source documents and that he thought it to be unusual "since you should not work off of original documents" when working on a criminal case. [redacted] added he did come across any cash mixed in with the documents and records he reviewed. [redacted] also recalled the WNPA auditors—Devries and Associates [redacted] because of all the accounting problems at HTP.

Reporting Official/Title Paul D.Okerberg, Special Agent	**Signature** Paul D. Okerberg

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Investigative Activity Report

Case Title	**Case Number**
HUBBELL TRADING POST	PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** January 31, 2007

Report Subject
Follow-up Interview of Ray [redacted]

On January 31, 2007, [redacted], auditor with DOI-OIG [redacted], was interviewed telephonically by DOI-OIG Special Agent Paul D. Okerberg. [redacted] was originally interviewed on January 25, 2007, and the purpose of this interview was fo[redacted] to elaborate on some notes he had written with respect to concerns he had with accounting records from Western National Parks Association (WNPA), the non-profit entity responsible for oversight and management of the Hubbell Trading Post (HTP) in Ganado, AZ.

[redacted] was very critical of WNPA's accounting methods used at HTP and believed they could have been much better even with allowing HTP to maintain its historical practices and to function as a trading post. [redacted] pointed out salaries of WNPA were charged, there was lack of inventory control and a lack of internal operational controls for cash. [redacted] commented that WNPA was well aware of these problems from prior audits performed at HTP by outside accounting firms contracted by WNPA.

[redacted] was adamant that in almost [redacted] of government service, he had not experienced the amount of resistance he encountered when requesting financial records from WNPA. [redacted] recalled the WNPA Executive Director denied his and SA [redacted] attempts to obtain some records at WNPA that [redacted] felt would be helpful in the process of his conducting a forensic audit at HTP. [redacted] termed the failure to provide such documentation as "a red flag and very significant" that WNPA may not be operating without its own problems instead of blaming a loss in revenues solely on HTP. [redacted] added that his review of financial statements from WNPA "was interesting" and that he felt WNPA would be a good place to conduct an audit as he saw WNPA having possibly some of their own fraud indicators or questionable methods of accounting for revenues that could be considered federal funds when ultimately made available to NPS for their interpretative programs.

[redacted] remembered Simpson allegedly talked to some senior NPS managers with respect to HTP and also recalled NPS SA Clyde Yee stated pressure he received in conducting the investigation came from his senior managers.

[redacted] advised the date of the interview, January 31, 2007, [redacted] but he would be available for further questions at his home number.

Reporting Official/Title	**Signature**
Paul D. Okerberg, Special Agent	Paul D. Okerberg

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Investigative Activity Report

Case Title Malone, Billy Gene	Case Number OI-CO-04-0453-I Related File(s)
Case Location Lakewood, CO	**Report Date** July 20, 2006

Report Subject

Summary Report of Audit Review for Hubbell Trading Post

DETAILS

For the time period of March 2005 through August 2005, [redacted], Auditor, Office of Inspector General (OIG), U.S. Department of the Interior (DOI), conducted a review of financial records and other documentation concerning Western National Parks Association (WNPA), Hubbell Trading Post (HTP), and Billy Gene Malone, Trader, HTP. The financial records and documentation was obtained during the course of this investigation through requests, Federal Grand Jury (FGJ) subpoenas, and search warrants.

This review was conducted to track the flow of funds to and from WNPA and HTP and to verify the amount of funds spent on HTP inventory. The review was also conducted to determine the financial position of Malone.

The results of this review were prepared in a one page summary by [redacted] (Attachment 1). Due to the lack of complete and accurate documentation and internal controls and oversight by WNPA, the review could not be completed.

ATTACHMENT

1. Auditor Summary Report of Hubbell Trading Post

Reporting Official/Title

[redacted], Special Agent

[redacted]

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SUMMARY - AUDIT REVIEW OF HUBBELL TRADING POST

Purpose:
To determine whether the inventory seized from Bill Malone was his personal property or the property of the Hubbell Trading Post (HTP) and Western National Parks Association (WNPA). Specifically, review the HTP and WNPA records and trace the flow of funds and merchandise to assist in identifying the ownership of the seized inventory, second determine whether Bill Malone had sufficient financial resources to purchase the amount of inventory seized.

Scope of Review:
The information reviewed included 50 evidence boxes, financial documents provided from the WNPA, and documents provided through Grand Jury Subpoena. The review consisted of the analysis of WNPA audited financial statements, bank records, payroll records, sales receipts, purchase vouchers, credit card statements, cash register tapes, and other business documents provided by WNPA. In addition, records related to Bill Malone were analyzed consisting of credit card statements, a few Federal tax returns, mortgage and personal loans, retirement and savings information, credit reports, and other misc. financial records.

Results:
We were unable to determine the ownership of the inventory, because:

- WNPA did not maintain accurate and complete accounting records for HTP.
- Internal controls were weak or not maintained at HTP and WNPA.
- In particular there was no accountability over cash or inventory, mostly due to lack of segregation of duties, i.e. Malone had control over everything at HTP.

This type of accounting and control deficiencies had been identified by WNPA's auditors in the company's financial statements, also in two task force reports, and a report from [redacted], CPA, titled [redacted] Based on seven audit reports provided by WNPA for the period 1990 to 2003 the CPA's identified problems with; inventory control, protection of inventory, reconciliation of bank accounts, cash counts, point-of-sale processing, segregation of duties, cash advances, and many others. In 2003 the CPA's reported five material weaknesses, three reportable conditions, and made three comments. In 2004 the CPA's reported 11 material weaknesses, nine reportable conditions, and made four comments. The WNPA had been given advanced warning of potential problems at HTP however it appears that the situation did not improve over time. It should be note that the HTP operation is quite different from WNPA's normal business of operating book stores at National Parks and developing publications.

We were unable to determine Malone's financial resources, because:

- We could not determine Mr. Malone's net worth due to lack of financial information.
- Mr. Malone [redacted].
- It appears Malone operated his personal and business operations [redacted].
- [redacted] to determine Malone's financial resources and liabilities.
- In addition, th[redacted] should have identified the results of operations from Malone's personal business that generated the seized inventory. By not identifying the results of his personal business and the inventory [redacted] Malone could be [redacted] the accumulation of the inventory or indicate that the inventory may not be his legitimate property. However, the IRS was contacted by NPS and the IRS did not pursue the case.

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Investigative Activity Report

Case Title **HUBBELL TRADING POST**	**Case Number** PI-PI-07-0054-I **Related File(s)** 07-IA-003
Case Location Ganado, Arizona	**Report Date** January 10, 2007

Report Subject
Interview of Nancy Stone, former superintendent at Hubbell Trading Post National Historic Site

On January 10, 2007, retired Hubbell Trading Post (HTP) National Historic Site Superintendent Nancy Stone was interviewed by Department of the Interior Office of Inspector General Special Agent Paul D. Okerberg. The purpose of the interview was to gain further information about the NPS investigation of Bill Malone, the trader for the HTP, based on Stone's 11 years of experience working with Mr. Malone and [redacted] of experience working for the National Park Service (NPS). The interview took place at the Border's Bookstore in Albuquerque since Stone's [redacted]

Stone started working for the NPS in [redacted] with the majority of her career in the San Francisco area. She accepted the superintendent position at HTP in November 1995 and retired in January 2006. Stone recalled June 9, 2004, when the search warrant was executed by NPS law enforcement. Stone recalled then NPS Deputy Regional Director Mike Snyder (now Regional Director for the Intermountain Region) knocking on her door at 6:00 a.m. Snyder explained to her that "Bill Malone was being relieved" of his position as trader for the HTP and that Snyder was "trying to protect her" from being involved in the issue by not notifying her before the search warrant took place. Stone stated she was obviously alarmed to have her senior supervisor show up at her residence at 6:00 a.m., unannounced, and with her in her pajamas. Stone also added that she heard later from Steve Getzwiller, a well known collector of Navaho art, that Snyder had asked him if Stone might have taken a bribe from Malone to look the other way while Malone embezzled from HTP.

Stone recalled Snyder instructing her that HTP would be closed all day on June 9, 2004. Stone recalled [redacted] from the NPS Regional Office in Lakewood, CO, present that day "to assist with public relations." Stone remembered there was a NPS staff meeting at 11:00 a.m. at HTP, and there was also staff present from Western National Parks Association (WNPA), most notably, LeAnn Simpson, the Executive Director for WNPA. Stone does not recall WNPA Chief of Operations Scott Aldridge present, but he may have been elsewhere on site. WNPA Chairman of the Board Jim Babbitt, [redacted], was also at the meeting. Stone stated Snyder led the staff meeting and told the group he was "sorry I can't tell you more" and "there are changes taking place."

Stone stated Bill Malone was an important part of the Navaho community and would buy things to help other people even if it was not a real good item for resale at the HTP. Malone would store these items in the Hubbell Wareroom, and LeAnn Simpson had come with several WNPA staff several months before

Reporting Official/Title **Paul D. Okerberg, Special Agent**	**Signature** Paul D Okerberg

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the search warrant took place and "threw tons of junk away." Stone remembered Malone being very accepting of it even though they were items that he placed some value on. Stone stated, "Malone was a Master of the art of trading." Stone recalled Malone always having "stuff" piled up in his garage and at HTP. Stone stated that those who knew Malone knew he was a collector and had a huge collection of art and items that he owned or had collected over the 40 plus years he spent as a trader. Stone stated the essence of a trader is the bartering of items and Malone was excellent at it.

Stone recalled WNPA continually interfered and constrained Malone's ability to function as a trader and tried to eliminate any discounting or bartering tactics that were the foundation of a successful trader. Stone stated WNPA seemed to ignore that the NPS mission for HTP was to preserve the authentic art of trading and have HTP remain a "living" historic site. Stone believed there is no other trader that would have put up with WNPA and their constant interference. Stone recalled she even got involved on occasion; specifically, when WNPA changed the long standing HTP tag that was fixed to various art or rugs to a more modern version. Stone stated that she was instructed by NPS Regional Director [redacted] to stay out of it. [redacted] at HTP in [redacted] and [redacted] NPS superintendent at HTP.

The purpose of HTP, as mandated by Congress, was to remain a traditional trading post. Malone was hired as the HTP trader in 1981 and, during his tenure at HTP, he brought HTP to new heights in sales and, more importantly, benefited the Navaho community. The increased revenues at HTP meant more income for weavers and other artisans, as well as the contributions HTP gave the surrounding community. Stone stated that it was unfortunate that WNPA just looked at HTP as their "cash cow." Malone made HTP "the place to go" with high quality merchandise and a great selection. Malone was the reason everyone came.

On the reverse side, Stone commented Malone was not a good supervisor, did not enforce schedules, and procrastinated about taking care of customers who sent items to the HTP for repair. Stone added, "Malone's shirt pocket was his filing cabinet but he knew his stock and could always find things." WNPA stopped the consignments of art at HTP, and Malone griped about consignments being such an important part of HTP's success. Stone stated that as the superintendent at HTP she would accompany Malone to annual meetings at WNPA. Stone recalled Jim Babbitt as Chairman of the WNPA Board and telling Tim Priehs (former WNPA Executive Director) and LeAnn Simpson how to run a trading post: "Buy cheap, sell high." Stone commented that Babbitt's only experience at running a trading post is the [redacted]. S tone felt Malone's philosophy was to give a fair price for merchandise and sell it at an appropriate margin and that ratio would change constantly. It was not scientific, nor would it comply with modern business principles, but Malone's way was the method the NPS mission for HTP was supposed to follow.

Stone felt LeAnn Simpson was so new at WNPA in her role as executive director and she knew nothing about Malone and what an asset he was to HTP and WNPA. Stone was also very familiar with all the "backbiting" that went on among HTP employees. [redacted] was responsible for accounting at one point and Stone believed she [redacted] for some reason. Stone knew [redacted], a long time employee at HTP, and [redacted] were close friends and always had a lot of gossip going. Stone felt many were jealous of Malone whether because of his position as the focal point of HTP or the success he gained for himself and HTP.

Stone remembered Simpson commenting to her after the search warrant, "Bill is a thief; you cannot believe what he has done." LeAnn would come to HTP and stand over Malone, obsessed that she had virtually no control over him. Simpson did not like the lack of structure since she came from a more traditional form of retail. HTP was "the problem child" according to WNPA in relation to the other NPS sites WNPA managed. WNPA discontinued the longstanding practice of providing free sodas to artisans. Stone's view of Malone was "he was a very generous man, generous to a fault; a very nice man; loved kids and liked everybody."

After the search warrant took place, possibly in July 2004, Stone recalled a meeting with Regional Director Steve Martin, Deputy Regional Director Snyder, WNPA Chairman Babbitt, WNPA Executive Director Simpson, Regional Chief Ranger [redacted], Regional [redacted], Regional [redacted] (maybe, not for sure), and Stone. NPS case agent Clyde Yee was not present. Stone stated that the purpose of the meeting was to address "where do we go from here?" but the meeting evolved into a "Bill Malone bashing." Snyder was leading the meeting, but Steve Martin would jump in. Stone expressed to Snyder that she felt something was wrong, that it could not be true what everyone was saying about Malone. Steve Getzwiller, a respected Tucson area Navaho arts dealer, was referred to in the meeting as an "itinerant trader" and his backing for Malone's innocence was considered self-serving. The meeting basically ended with "the foregone conclusion that Malone was a thief, crook, and WNPA had lost millions." Stone stated she went up to Snyder after the meeting and told him she did not support the allegations against Malone. Stone recalled the discussion with Snyder made her feel very uncomfortable and Snyder advised her to just be patient.

Stone recalled WNPA and LeAnn Simpson's philosophy was to buy everything, no consignments, and to get more lower cost items or "curios" instead of the high end rugs Malone would typically carry as inventory. Stone would often see Malone working late at night, catching up on things at HTP. Malone would also not travel that much since all the brokers and buyers would come to him. Not having consignments drastically affected Malone and the success of HTP.

Stone reviewed a report of her interview conducted by DOI-OIG Special Agent [redacted]. Stone stated that it generally represented the interview with SA [redacted], and the portion that mentioned a 6.5 percent contract between NPS and WNPA included a note by SA [redacted] that the information had not been provided by Stone.

Stone believed it was 2003 when WNPA informed Stone that HTP would not be getting any of the shared revenue from sales at HTP. WNPA provided HTP 6.5 percent of gross proceeds from the HTP Visitor Center and 6.5 percent of the net proceeds from the HTP. These monies would be made available to Stone and NPS through an Interpretative Support Account (ISA). The ISA was controlled by WNPA and NPS could file claims to WNPA, and WNPA would determine whether the requests would be accepted. It was at WNPA's discretion whether the funds were available to the park. Stone recalled some items she requested and received through the WNPA ISA account: an overhead projector, food for parties or receptions, etc.

With Bill Malone terminated as trader for HTP, WNPA advertised for a new trader. [redacted] NPS Deputy Director Steve Martin, prepared the job posting "and did a pretty good job although WNPA edited the first draft to suit what they were looking for." Stone sat in on the final interview and Steve Pickles was selected. Pickles knew the Navaho and had been the bookstore manager of the Museum of Northern Arizona. Stone believed Pickles was preselected, allegedly he was Jim Babbitt's selection for the job, and "is a company man". Pickles also travels back and forth to Flagstaff every week; he leaves Thursday and is not at HTP Friday through Sunday, which is the busiest time of the week. Other traders did not apply for the job.

Stone believed the whole NPS investigation was "a rush to judgment," "they wanted to find fault," and "they [WNPA and NPS] never foresaw the implications to NPS, WNPA, and the reputation of the park." Stone does not know whether Simpson was forced into accusing Malone or if it was just Babbitt. "They destroyed a man and his reputation," said Stone. "Bill did things for the community – donated things for causes and WNPA did not care for that type charity."

Malone's philosophy, according to Stone, was "give a fair price and good artisans will continue to come." Malone continued buying from Navaho grandmothers, believing it was important to keep the art of weaving going and to encourage young artisans.

Stone felt NPS bent over backwards to WNPA, "NPS should have stepped up and pushed back" since it was the NPS mission to preserve and protect the parks. Stone felt WNPA was driving the relationship, and she noticed WNPA's influence over the NPS seemed to get even stronger. NPS regional management did not support the superintendents.

Stone stated Jim Babbitt is very sharp and was vocal that "HTP was not being run right". Steve Martin was not as vehement as Snyder with respect to Malone. It became a real issue about who was going to pay for what to cover investigative costs. Stone recalled WNPA was going to pay for the auditors and NPS was to also pay a certain amount. The investigative costs were to be funded by a special account set up at the region and would not come out of HTP's operating account; however, a $15,000 security system would come out of the ISA account. Somewhere in all the controversy, Stone recalled being told HTP would have received more funding through the ISA account, but Malone was the cause and had stolen it. Stone recalled Snyder hanging up the phone on her during one discussion in this time frame.

Stone did recall talking with Regional [redacted] about the decline in HTP's monies from the ISA account. Stone never received any real answers but feels [redacted] is very sharp. The monies from the ISA account are basically a "slush fund" and paid for things at parks that federal dollars could not be used for.

Stone stated the whole situation drove her into retirement; relationships changed and she felt it was time to go. She felt someone needed to apologize for the NPS and said, "It was a sad way for Malone to go after 26 years of service at HTP." She described the investigation of Malone as "a wave uncontrolled"; "it was never objective"; "they never interviewed Malone and he was kept at his home during the entire search warrant; he was humiliated and Malone's [redacted] was a disaster." Stone recalled Steve Getzwiller coming to HTP and Malone was wrapped in a blanket. Stone felt she should have been consulted prior to the rush to judgment with the search warrant. There were talks of the traditions at HTP, but the concept was completely abandoned.

Stone stated that [redacted] superintendent at HTP. Stone heard NPS Regional Director Mike Snyder was "reamed out" by [redacted] the WNPA Board, at the WNPA Annual Meeting in November 2006. Allegedly there were comments to move the t-shirt racks to a more prominent location, place a computer on the trader's desk, install track lighting, etc – all of which Stone stated are not appropriate at HTP. Stone commented the future of HTP is with WNPA and should be with NPS. Cyd Martin, as the Navaho Liaison for NPS, had a good initial plan for the future of HTP until it was watered down by WNPA. Stone feels Cyd Martin has a good clear understanding of the Navaho.

Stone stated she would be available for any further questions or clarification.

Office of Inspector General

Program Integrity Division

U.S. Department of the Interior

Investigative Activity Report

Case Title	Case Number
HUBBELL TRADING POST	PI-PI-07-0054-I Related File(s) 07-IA-003
Case Location Ganado, Arizona	**Report Date** February 6, 2007

Report Subject

Interview of Steve Getzwiller

On February 6, 2007, Steve Getzwiller was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted] at his home in [redacted], Arizona. Mr. Getzwiller is a trader and expert in Native American art, concentrating on Navaho weaving and rugs. Getzwiller has known Bill Malone for over thirty years and has traveled to Hubbell Trading Post (HTP) approximately once a month for those thirty years.

Getzwiller was interviewed by NPS Special Agent Chip Davis in August 2004; a few months after the search warrant was executed at Bill Malone's residence at HTP in Ganado, AZ. Getzwiller added he was also interviewed by NPS SA Paul Berkowitz on February 12, 2006 in [redacted] AZ.

Getzwiller was very vocal that a travesty has occurred at HTP and that Malone was falsely accused of theft by WNPA. Getzwiller is very skeptical of any claims by WNPA and feels that however the investigation began, it was from false information. Getzwiller felt Jim Babbitt, the Chairman for WNPA, had considerable animosity toward Malone from Malone's not complying with what Babbitt wanted at HTP. Babbitt would tell Malone that profit was not made when you sell, but when you buy. Malone was against this principle according to Getzwiller since Malone wanted to provide a fair price to the Navaho who would come to HTP to sell their art and rugs, which would in turn ensure the Navaho prospered and would attract younger Navaho artisans to take up the craft. Babbitt also wanted Malone to buy from [redacted] Pendleton distributor instead of the Pendleton supplier had used for years. Getzwiller feels "Babbitt is probably the source of moving forward against Malone and WNPA recruited Babbitt as the chairperson to get things changed at HTP". Getzwiller is also certain Steve Pickle was "pre-selected" as the trader and replacement for Malone at HTP since he is a long-time employee of Babbitt and "was Babbitt's guy".

Getzwiller stated he was the one who told Malone to put tags on his rugs so that the weaver, date and prices could be documented. Getzwiller recalled helping Malone over a few days several years ago with cleaning up his garage and storage area at HTP and tagging a lot of Malone's rugs with old HTP tags so that there would be some accounting of when the rug was made, by whom, etc. Getzwiller stated he told SA Chip Davis this information back in August 2004 and "SA Davis was only writing down things he wanted to hear". Getzwiller felt this was important and would help explain why there were so many rugs at Malone's residence with HTP tags on them.

Reporting Official/Title	Signature
Paul D.Okerberg, Special Agent	Paul D Okerberg

Distribution: Original – Case File Copy - SAC/SIU Office Copy - HQ Other:

Getzwiller felt the current situation at HTP is very bad for the Navaho community and most of the respected artisans and dealers no longer come to HTP out of respect to Malone and because WNPA has ruined the entire relationship and network HTP provided. Getzwiller related [redacted], the former [redacted] for HTP and WNPA used to receive letters all the time alleging various things on Bill Malone and nothing was ever proven. The current trader/manager at HTP, Steve Pickle, leaves Thursday afternoon for Flagstaff ([redacted]) and does not return until Monday, effectively missing the best days on the weekend for potential customers and tourists.

Getzwiller stated Malone brought HTP from average sales to $1.4 million annually. Malone only earned [redacted] an hour and [redacted] gross commission and Getzwiller feels WNPA made out very well since Malone worked so many hours each day building up HTP's reputation. Malone would go back to HTP as the trader according to Getzwiller because Malone was so dedicated to the community and what HTP meant to the Navaho and the traditions there that he had worked to make last. Getzwiller recommended talking to [redacted] who was the former [redacted] at HTP for someone who would corroborate Malone's integrity and devotion to HTP. Getzwiller also commented only 20% to 25% of HTP merchandise was WNPA, the rest was consignment so there was no investment by WNPA, yet they still received a profit from the sale of the consignment goods.

Babbitt would tell Malone that "if you can't turn over your inventory twice a year, you might as well shut HTP down". Getzwiller felt statements like that show the lack of perspective and commitment WNPA had with respect to HTP. HTP National Historic Site was approved by Congress and its mandate was to remain a "living" trading post and a legacy to the art of trading and providing for the Navaho and Hopi communities. Getzwiller asked Malone why not leave HTP and open your own trading post after some of the constraints WNPA was trying to place on Malone's management of HTP. Getzwiller commented Malone was happy and "at the pinnacle of what he wanted to do in life". Malone would avoid conflict if at all possible and that in part left him exposed to others – whether at WNPA or jealous employees at HTP- that wanted to use Malone as the source of problems.

Getzwiller felt Malone's termination was a way to deflect attention from WNPA's own money and accounting problems. Getzwiller imparted that Babbitt's influence on the WNPA Board of Directors was substantial and that WNPA executive salaries, a new WNPA building in Tucson all made it necessary to come up with more money or make HTP the source of WNPA problems, when it actually was not.

Getzwiller recalled in 2003 WNPA contacted HTP NPS Superintendent Nancy Stone and told her that no money would be available to her for interpretative services because HTP was losing money. Stone did not see how that could be since there had been no appreciative decrease in visitation to HTP.

Getzwiller repeated his opinion on why Malone would have so many rugs and jewelry in his home. Getzwiller stated Malone was a collector and received rugs and jewelry as compensation when he worked for [redacted] and when he helped out various weavers or artisans. The HTP tags on the rugs did not mean they were HTP or WNPA property since he and Malone had used old obsolete tags on Malone's personal rugs to document the date woven and the weaver's name.

Getzwiller pointed out several employees who had worked at HTP that could have been the source of some of HTP's problems. [redacted] was a bookkeeper at HTP and she did not work out, might [redacted] and [redacted] tried to kick in the back door of the HTP Visitor Center. [redacted] was also hired to replace [redacted] and he was also terminated for playing solitaire and surfing the internet for pornography while working. Getzwiller stated the root of all Malone's troubles was probably [redacted]. [redacted] was "a troublemaker" and pleaded with Malone at one point to allow her to keep her job. Getzwiller commented one of Malone's biggest mistakes was keeping [redacted] because she was jealous of Malone and how he favored better HTP employees over her. Getzwiller also added that WNPA gave all the HTP employees a raise after WNPA terminated Malone

Getzwiller stated NPS and WNPA shut down HTP during the search warrant and audit in June 2004. That was unprecedented for HTP and the entire investigation of Malone has damaged the relationship between the NPS and the Navaho community.

Getzwiller reviewed two interview reports prepared by NPS. One was with NPS SA Chip Davis in August 2004 and the other was with NPS SA Paul Berkowitz in February 2006. SA Berkowitz had not been aware Getzwiller had previously interviewed since SA Clyde Yee had not placed that interview in the case file or let SA Berkowitz know that the interview had taken place when SA Berkowitz asked for all interview reports. On the interview with SA Davis, Getzwiller stated Davis had left out a lot of information that he had provided to Davis. The most important things left out was how Getzwiller and Malone had used old HTP tags to mark Malone's personal rugs; that Malone had quite an extensive collection of Navaho rugs and jewelry at his residence that were Malone's property; the number of consignments at HTP; and Malone's trading practices which do not and are not supposed to conform to standard procedures for merchandising or sales.

Getzwiller recalled the interview with SA Davis, "Davis just putting down his pencil after about 30 minutes because he was not hearing what he wanted to hear". Getzwiller opined that the interview was not heading in the direction that Davis wanted and he "felt Davis was under pressure to find evidence to substantiate NPS law enforcement investigation and SA Yee's actions in the investigation". Getzwiller felt Davis was a nice guy but he did not write down everything that was said during the interview. Getzwiller believes Davis interviewed him because Getzwiller had made it known that he would not talk to SA Yee after hearing how Yee had conducted the investigation thus far. Getzwiller told Davis if Yee did come to the interview, Getzwiller would "make Yee sit in the car like Yee did to Malone for the 18 hours Yee was in Malone's home executing the search warrant".

Getzwiller referenced some people who might add further information and be worth interviewing. [redacted] was a WNPA [redacted] and probably would have information on how HTP operated. [redacted] was a WNPA [redacted] and was reportedly hassled by WNPA Executive Director LeAnn Simpson. [redacted] was allegedly told by LeAnn Simpson that "Malone had not stolen a million dollars from HTP, but millions". There is also a teacher that lives in Winslow, AZ that allegedly heard Jim Babbitt state in public that "Malone had stolen millions and should be fired".

Getzwiller found himself acting as an intermediary between WNPA (Chief of Operations Officer Scott Aldridge) and Malone in sorting out the consignment articles SA Yee had seized that needed to be returned to their owners. Getzwiller believes there were probably a couple of dozen individuals who had consignment rugs, jewelry, etc at HTP at the time of the search warrant. Getzwiller stated he had approximately [redacted] worth of items on consignment with Malone. Yee also took Malone's [redacted] property and jewelry even though Malone tried to let them know it was personal property.

WNPA still has some property that belongs to Malone and Getzwiller had heard from Malone that he could not get it back until after February 7, 2007. Getzwiller had also heard that LeAnn Simpson had remarked if people claimed the property was their consignment, they would not get it back unless they were able to prove ownership.

Getzwiller recalled there were three reasons for Malone's termination: "Malone failed to arm the alarm system at HTP"; "did not place cash in the safe overnight" (Getzwiller stated the safe has not worked for years); and there was "a vague allegation [redacted] that was not proven and probably could once again be attributed to one or two of the HTP employees that seemed out to get Malone any way they could".

Getzwiller believes WNPA wants HTP to cease operating as "a living trading post" as mandated by Congress when it was designated a National Historic Site. Getzwiller feels the perceived problems with Malone could have been worked out given half a chance by WNPA. Getzwiller recalled LeAnn Simpson, when she had just been hired by WNPA as executive director, coming to HTP and cleaning up HTP, throwing things away that were Malone's personal property as trader for the last 23 years. Getzwiller felt it was inappropriate to come in and take advantage of Malone's quiet nature and try to force him into retirement and humiliate him like they did. Getzwiller considers Malone a close friend and believes the WNPA and NPS investigation has taken years off of Malone's life (Malone is also [redacted] according to Getzwiller) and ruined his reputation, at least to people who do not know him as well as Getzwiller.

When Getzwiller goes to HTP now, Steve Pickle, Malone's replacement as trader, always asks Getzwiller what he has to show him or consign with HTP. Getzwiller always tells him the same thing – nothing. Getzwiller states he will not contribute anything to WNPA until the Malone issue is resolved.

United States Department of the Interior
Office of Inspector General

INVESTIGATIVE ACTIVITY REPORT

Case Title **Hubbell Trading Post**	**Case Number** **PI-PI-07-0054-I**
Reporting Office **Washington, DC**	**Report Date** **November 7, 2007**
Report Subject **Information from retired NPS SA Paul Berkowitz**	

The following information was received from now retired NPS Special Agent Paul Berkowitz, who was formerly the NPS case agent that was reassigned the Malone investigation after SA Yee was unable to make any progress. Berkowitz was asked to verify certain information that was in his report of investigation and to ensure OIG interviews accurately documented the conflicting statements from witnesses he had also interviewed. The following is also Berkowitz's observations on NPS integrity and conduct issues he observed during the year (November 2005 to November 2006) that he conducted his investigation:

<u>False, incorrect, or unsubstantiated statements included in the affidavit for search warrant(s)</u>:

A number of false, incorrect, or unsubstantiated statements were identified in the affidavit for search warrant(s) submitted by SA Clyde Yee. Collectively, these failures would prove fatal to the overall investigation, rendering any and all evidence or property seized by the NPS inadmissible for purposes of prosecution. Furthermore, the failure to attempt even modest efforts at verifying the information contained in the affidavit(s) compounded additional issues of officer credibility and objectivity identified elsewhere in this report.

1) Offenses considered in the affidavit are listed as 18 USC 641 (Theft of Govt. funds or property), 1001 (False Statements), and 1344 (Bank Fraud). None of these offenses was ultimately validated by evidence uncovered in the investigation.
2) The affidavit incorrectly states the Federal government has proprietary jurisdiction at HUTR. However, HUTR is within Indian Country jurisdiction. Failure to comprehend this issue had a direct bearing upon the range of violations considered for investigation and, more fundamentally, assumption of Federal jurisdiction in the investigation.
3) The affidavit states that "WNPA, through contract pays 6.5% of the proceeds from the Trading Post to the NPS". This statement is cited at least five times in the affidavit, and constitutes the primary basis for allegations of 18 USC 641 and Federal jurisdiction. The statement is false, and is not supported by the cooperative agreements ("contracts") that exist between the NPS and WNPA, or even by witness statements. WNPA Executive Director LeAnn Simpson denies telling SA Yee that this is the legal and financial relationship between WNPA and NPS, contradicting claims by SA Yee that she was the

Reporting Official/Title Paul D. Okerberg, Special Agent, Program Integrity	Signature
Authentication Number: (b) (6), (b) (7)(C), (b) (7)(E)	

source of this statement. Copies of the actual agreements that document and define the legal and financial relationship between the NPS and WNPA were readily available but were never examined in preparation of the affidavit for search warrant(s). In fact, these documents were not examined until nearly one and one half years later, when SSA Berkowitz assumed the lead in the investigation.

4) The affidavit states that "WNPA business records indicate the Trading Post is regularly losing money…" This statement is attributed to WNPA Executive Director LeAnn Simpson, however no documentation is cited and no effort was made to verify the statement in preparation of the affidavit. This statement was subsequently contradicted by WNPA's own accounting firm, DeVries, even though it is cited as a basis for suspicions that Malone was stealing funds from WNPA and committing bank fraud. When interviewed for this investigation, DeVries stated that WNPA did not have its own accounting act together to a level that would enable them to ascertain if they were experiencing losses. DeVries comments directly compromise the credibility of other statements offered by WNPA regarding inventory, consignment values, etc.
5) Citation of 18 USC 1001 (False Statements) as a suspected offense is wholly unsupported by statements presented in the affidavit. In fact, the suspect in this case (Malone) was never interviewed and never made any statements, written or oral, prior to execution of the warrant. Evidence in support of this suspected offense is completely absent in both the affidavit and investigation subsequently undertaken. When questioned by SSA Berkowitz about inclusion of this offense in the search warrant, SA Yee stated that it was just something "they throw in" to all their warrants.
6) Nowhere within the affidavit is there articulated any suspicion that rugs, jewelry, or other Indian arts and crafts were stolen. The actual warrant does not list or authorize the seizure of rugs, jewelry, and other forms of Indian arts and crafts, as well as any form of personal property, yet an estimated $5,000,000 (+) in seized property became the primary focus of the investigation after the raid was conducted at Malone's residence.
7) The original suspicions and allegations presented by WNPA were of forgery of checks (18 USC 513) and theft of WNPA funds (in fact, a state offense), yet neither is among the listed offenses cited in the affidavit or the search warrant or any of the subsequent investigative materials pursued by SA Yee, until directed by SSA Berkowitz to refocus the investigation.

It should be noted that no exigency existed to prevent investigators from conducting additional investigation necessary to corroborate or verify any of this information prior to submitting the affidavit. No explanation was received from either SA Yee or others involved in the first phase of the NPS investigation to account for this oversight. Arguably at minimum, failure to do so rises to a level of gross negligence constituting a violation of Malone's civil rights.

Use of Non-LE Personnel

Aside from poor planning, it's worth noting that no exigency existed and additional resources were, in fact, available to supplement Clyde's staff if he had only asked. A cadre of rangers was available at Canyon de Chelly National Monument, Petrified Forest National Park, Flagstaff Area Parks, and even Grand Canyon National Park…all within 1-3 hours drive. Additional special agents were available, upon request, to easily respond and assist from either Flagstaff or Grand Canyon.

The Chain of Custody

Yee had ready access to official/trained personnel to assist, only for the asking.

"Non-Discoverable File"

It would seem [redacted]

This summarizes the broader issue of concealing/hiding exculpatory evidence, and an overall failure for Clyde to be "forthright" with critical information.

CONDUCT ISSUES

Failure to disclose case information/issues with supervisors, prosecutors, and (prospectively) the defense.

Numerous incidents were identified where SA Yee and other personnel assigned to the initial phase of the investigation failed to disclose critical information to supervisors and prosecutors. Additionally, a disturbing set of circumstances were identified where SA Yee evidently attempted to file and conceal, from the defense, defects in the investigation amounting to exculpatory information.

1) The prior incident w/ the AUSA in Flagstaff where they dismissed a case after receiving a guilty plea, because Clyde held back info from [redacted],
2) Failing to disclose to [redacted] (original AUSA) information about the break in chain-of-custody documented by [redacted], until pushed by Jim Reilly
3) Attempt to conceal [redacted] memo documenting a break in the chain-of-custody by filing as "Non-discoverable".
4) Disobeyed Reilly's instructions to NOT use DeVries
5) Omission of both Nancy Stone and Steve Getzwiller from the list of interviewees provided to SSA Berkowitz in briefing materials and omission of their respective ROI's, and relevant witness statements in briefing materials.
6) Omission of key (exculpatory) information from both Stone's and Getzwiller's interviews, when those ROI's, prepared by SA Chip Davis and other personnel assigned to the investigation were eventually produced.
7) Clyde's repeated failure to respond to instructions to provide information and/or documents unless the question or request was "properly phrased…i.e., wouldn't tell you about it unless you specifically asked for it in exactly the right way…. [redacted]
8) The inclusion within reports and memos of wholly unsubstantiated suspicions and allegations of criminal conduct by Malone, as well as "conspiracy" by individuals "implicated"

solely by associated or proximity (e.g., Nancy Stone)

Many reports prepared by Clyde contain allegations against Bill Malone that are entirely speculative and wholly unsupported by any evidence or reasonable suspicions…e.g., social security fraud, extortion, tax evasion, conspiracy, etc. There never was evidence to support most of these. ALSO…reports and memos even documented suspicions about Nancy Stone…and others, by mere association or proximity. [redacted] (b) (5)

[redacted] (b) (5)

Why didn't Yee verify info in the affidavit…His account (that he heard it from LeAnn Simpson) is contradicted by LeAnn Simpson. No explanation for the rush to obtain a warrant in the first place…with little of no preliminary investigation…not even an interview w/ Malone.

Another reason [redacted] (b) (6), (b) (7)(C) declined the case [redacted] (b) (6), (b) (7)(C), (b) (5) While not stated in the declination letter, this was identified as a concern in our first collective meeting in Phx.

The relationship between NPS and WNPA was not shared with Berkowitz, and Clyde never shared anything about that with him. In the same way Berkowitz had to learn about Stone and Getzwiller interviews and omission of their statements and information by his own investigation, Berkowitz also had to discover the WNPA funding the investigation (in exchange for promises) on his own.

"SA Yee made the decision to obtain a search warrant for Bill Malone's residence his first investigative, prior to any attempts to interview him.

<u>Conflicting statements from IMR Regional Director Mike Snyder & WNPA Executive Director LeAnn Simpson regarding agreements for funding and disposition of property</u>

In the series of statements made July 31-August 28, 2006 by WNPA Executive Director LeAnn Simpson to SSA Berkowitz, Ms. Simpson alleged that she (WNPA) had been approached with a request from the NPS to assist in funding the criminal investigation, and that funding had subsequently been provided in exchange for promises of privileged access to case information as well as access to property seized as evidence from Mr. Malone. Ms. Simpson also stated that IMR Regional Director Mike Snyder had encouraged her (WNPA) to retain property belonging to Mr. Malone that remained in WNPA care/custody as a way to recover their costs. Pages 66-69 of SSA Berkowitz's report are quoted, below:

> "July 31-August 28, 2006
> Additional conversations with LeAnn SIMPSON, WNPA Executive Director
>
> "A series of communications with WNPA Executive Director LeAnn Simpson occurred in the one month period from July 31, 2006 through August 28, 2006. All of these conversations were independently initiated by Ms. Simpson in apparent efforts to voice concerns and

frustrations about developments in this investigation. Information inadvertently provided by Ms. Simpson during these phone calls and meetings revealed significant issues relating to the NPS request for WNPA financial assistance with this investigation and the overall relationship between the NPS and WNPA that may, potentially, have affected the manner in which this investigation was initially undertaken. Notice of these conversations was immediately provided to AUSA [redacted] who concurred that detailed documentation should be included as a part of this report.

"In the first of these calls, on July 31, 2006, Simpson was upset about rumors circulating in Flagstaff, AZ, and relayed to her by [new] HTP manager Steve Pickle. The rumors were that a group of MALONE's friends were holding a fund-raising rug auction for his legal expenses; that all of the rugs and jewelry originally seized by the NPS had been returned to him (which she already knew was true, as acknowledged her letter dated July 11, 2006) [See Attachment #21], and that MALONE had been completely exonerated, and had received a letter of apology from Simpson. This latter rumor particularly upset Simpson, as she emphatically told me there was "no way in hell" she had ever written MALONE an apology letter, and "I'll be damned if I'll ever write him an apology letter". She clearly took these rumors personally and was very angered, and wanted to know if I or the NPS had written MALONE a letter of apology (my answer was, "No"). It was also during this call that Simpson first mentioned she might not return any of MALONE's property to him, that was in WNPA custody at HTP. This last point seemed to have arisen out of her anger and an expressed sense of defiance to any notion that she felt apologetic toward MALONE.

"In the next telephone call, August 23, 2006, Simpson repeated many of the sentiments previously made, but expanded significantly on the topic of her own expectations of support and cooperation from the NPS, and her perception that the NPS was obligated to keep her informed about progress and developments with the investigation. Ms. Simpson said she was calling to tell me she'd be in the area (Chinle) in the next day or so and wanted to know if I'd be available to meet. She also inquired about access to consignment ledgers seized from Bill MALONE during execution of the search warrant; wanting to know when she could get them back (or a copy), as I had previously told her would occur after I received them, concurrent with the authorized return of rugs, jewelry and other property seized by the NPS. These became available just the week before this conversation, and I told her she could now have them anytime; possibly when she came up. She was pleased with this development, since the ledgers might be helpful in resolving ownership of consignment rugs and jewelry being returned or still in the custody of WNPA at HTP.

"Simpson then went into a virtual monologue, complaining that this investigation had taken far longer and not gone at all as she and WNPA were promised, back in 2004. She said that when this case began she viewed herself and WNPA as "partners" with the NPS in the investigation, and received extensive access to updated case information from Clyde Yee. SIMPSON acknowledged, and claimed to understand it as just my "style", that since taking over lead of the investigation, I "played my cards much closer to my chest" than did Agent Yee. Simpson added, however, that she and the Board had been frustrated and disappointed by the reduced flow of information and other recent developments; particularly the return to MALONE of millions of dollars in property previously seized. Simpson expressed frustration in not being able to explain to her Board and Chairman Babbitt why this had occurred; especially given the money WNPA contributed to the investigation, and assurances they'd previously been given about how this investigation was expected to develop. Expanding on this, Simpson related a recent conversation with [now] Regional Director Mike Snyder, where she tried to pressure him to get the investigation moving more quickly, and provide her and her Board with more information. Simpson even acknowledged (bragged?) that when Snyder told her he didn't think he had the influence to do that, she told him to figure who does [have the clout] and get them to speed things up and get more information for her and the Board.

“Simpson repeatedly expressed her anger about the same rumors that MALONE had been exonerated and received a letter of apology from Simpson. This last point, again, seemed to really anger Simpson, personally, and apparently spurred her wrath directly at MALONE, who she blamed for spreading the rumor. Simpson continued at length about how all of this really upset her, and how she'd "be damned" if she would ever apologize to MALONE, and that she might not return any of MALONE's property (that might be mixed in with WNPA or consignment property still at HTP). I responded by softly and carefully cautioning Simpson that it was her responsibility to make a reasonable effort to return any property to its "rightful owner", based upon the best information available; even if that included MALONE. Simpson responded, “I'll have to think about that”.

“In further justifying her comment about not returning consignment or other property that might actually belong to MALONE or his relatives, Simpson told me that when this case began, all that she and WNPA had wanted was for the NPS to obtain the consignment ledgers they believed Bill MALONE had at his residence, so that they (WNPA) could use them to conduct their audit. Ms. Simpson stated she thought that was the purpose behind the NPS securing the search warrants ultimately served on MALONE. However, after the warrant had been served and the NPS seized the vast quantities of property from MALONE, Clyde Yee, Chip Davis, Mike Snyder, and Steve Martin variously approached her and the WNPA Board requesting financial assistance in support of the investigation. This included fronting what would ultimately be a $75,000 obligation to pay for the forensic audit - using WNPA's own accounting firm - for the criminal investigation.

“According to Simpson, she was told that "it would be to WNPA's benefit" to financially assist the NPS; WNPA “benefiting” from this contribution not only from an improved relationship and access to case information ("partnering" with the NPS in the investigation), but also from the prospect that WNPA would be able to recover (or exceed?) any costs it incurred supporting a successful investigation, through disposition of the rugs and jewelry seized from MALONE in execution of the warrants. Simpson made it clear to me that based upon representations made by the NPS, WNPA viewed its contribution to the investigation as a financial investment, granting them privileged access to information, as well as the ability to ultimately recover its costs through access to most of the property seized from MALONE’s residence. With MALONE now back in possession of the rugs and jewelry previously seized by the NPS, Simpson clearly viewed it as her (and WNPA's) prerogative to keep property in their (WNPA) custody that might actually belong to MALONE or others, if that's what it took to compensate for their investment. Simpson expanded on this rationale, arguing that the last thing WNPA had expected was for property to be returned to MALONE, and if that was the case, then she might just as well keep any property still in WNPA custody that MALONE (or his relatives) might claim, to recover their (WNPA) costs. Simpson stated she could do this because she doubted anyone would have receipts for property that could force WNPA to return things.

“I did meet with Ms. Simpson on August 25, 2006, and gave her a copy of the noted ledgers, to be used in sorting though (previously seized) property being returned to WNPA the following week. Ms. Simpson seemed less agitated than she had on the phone. We talked for approximately two hours, again discussing, among other topics, the disposition of property. Ms. Simpson related a conversation about HTP consignment property that she had with Regional Director Mike Snyder just a few weeks earlier, and told me Snyder had questioned why she (Simpson) was even thinking about giving any of the consignment property back, at all; suggesting that she, instead, just keep it. Simpson told me she'd responded by explaining the importance of maintaining WNPA's relationship with the park and the community.

"I commented that it had been inappropriate for Snyder to say what he had. Ms. Simpson seemed to immediately realize the awkward and compromising situation this information (about Snyder's comments) created. Ms. Simpson asked me consider this "off the record", and to keep it to myself.

"I took advantage of this conversation to reinforce the need for WNPA to make every reasonable effort to return all of the property to its rightful owners, including Bill MALONE, using the best information available to WNPA to make that occur. I reminded Ms. Simpson that this might mean relying upon MALONE's own account of who actually did own what consignment property, and that if she was otherwise going to demand actual receipts or other proof, no one would be able to claim property. I reminded Ms. Simpson that both the FBI and I had interviewed MALONE about this topic, and to the best of our knowledge MALONE had been completely truthful in identifying ownership of property. Ms. Simpson now acknowledged this, and seemed to understand the logic in working with MALONE and accepting his assistance in further identifying ownership of property in HTP's custody, and working cooperatively with MALONE in his own efforts to recover his own property or that of a family member.

"Ms. Simpson expressed concern about potential liability arising from this case. Apparently to comfort herself, Simpson pointed out that MALONE's firing had not been directly related to the NPS investigation. Simpson asked if I knew the "statute of limitations" on civil liability, noting it had been over two years since she fired MALONE. I responded that in claims against the government it was usually two years from the time a party suffered a loss or learned of its damages or basis for tort action; but that I couldn't speak to WNPA's exposure, particularly as "a partner" in the investigation. Simpson then asked if the U.S. Attorney might consider or negotiate NPS or WNPA liability when it decides on prosecution. I replied, "No".

"I received one more call from Ms. Simpson the following week, on Monday, August 28, 2006, while I was driving to Tucson to return the balance of property to WNPA. Simpson told me that she'd spoken with Bill MALONE at a rug auction last Saturday, August 25, at HTP. Simpson told me that she'd decided to work with MALONE, if he was willing to work with WNPA, to help resolve custody of property; and that she was going to accept MALONE's claim to whatever property he identified as his or that of a family member."

When confronted with this account, Ms. Simpson denied it.

When IMR Mike Snyder was subsequently interviewed on this issue, he denied having suggested that WNPA keep Malone's property as a way to recover their costs. In fact, Mr. Snyder flatly contradicted Mr. Simpson, stating it had been Ms. Simpson, and not he, who raised the idea of WNPA keeping property belonging to Malone over which WNPA still had control as a way to recover their expenses.

Throughout the interview, Snyder's responses to questions were vague. He repeatedly stated that he could not recall details of discussions with Ms. Simpson…(or whatever it is he actually said. However, in closing, he did comment that, "WNPA is very powerful…and have a lot of power over the NPS. Snyder added that "Jobs and careers sometimes hang in the balance based on how relationships with WNPA are maintained". Snyder referred to his attending and addressing the WNPA Board in December 2006 as 'being called on the carpet' and was asked to explain the status of the Malone investigation.

The discrepancy between accounts provided by Ms. Simpson and Mr. Snyder, respectively, could not be reconciled. Statements made about who suggested WNPA keep Malone's property as a way to recover costs, are in direct contradiction of one another, supporting a conclusion that Ms. Simpson and Mr. Snyder cannot both be providing an accurate account of discussions that took place between them.

More Thoughts:

- In his October 25, 2004 response to [redacted] memo documenting the break in chain-of-custody, Clyde alleges the [redacted] compromised the investigation by speaking w/ several individuals about [redacted] concerns. In arguing his case against [redacted] Clyde acknowledges an awareness of the need to keep case information within authorized circles; YET he freely and frequently shared protected information with personnel from WNPA.

- The Chip Davis interview and ROI w/ Getzwiller. This is another key point raising questions about the manner in which the NPS investigation was conducted, and bears highlighting.

  "Mr. Getzwiller confirmed that when first interviewed by SA Chip Davis he shared information Bill Malone's use of surplus HTP tags to tag and label his own (Malone's) rugs. Mr. Getzwiller was emphatic in his account of having provided detailed information about this practice to SA Davis, noting that this would explain much of what investigators had seen when they entered Malone's residence. Mr. Getzwiller added that he had subsequently shared this same information with IMR Indian Liaison Cyd Martin, expecting that she, too, would make sure investigators were aware of this important detail. Mr. Getzwiller acknowledged that he was surprised that no mention of this portion of his statement had been included in any reports or records, until documented by SSA Berkowitz nearly two years later." (See page pages 34-36, Berkowitz report, attached).

  "When interviewed, SA Davis was unable to refute Mr. Getzwiller's claims. SA Davis stated he could not recall if he'd been told about Malone using surplus HTP tags to mark his own rugs and property. Upon re-examining his own notes, SA Davis acknowledged there was no mention of Getzwiller's statement, and that his notes documenting his own interview were less-than comprehensive and complete."

- In his own 10/12/04 memo, Clyde alleges [redacted] committed violations by discussing case information w/ others…. This is useful in establishing that Clyde knowingly violated Grand Jury rules in sharing case info w/ WNPA and other NPS officials…

- [redacted]

- It is noteworthy that, although a very significant number of individuals involved in the HTP investigation were able to observe and were aware of improprieties in the manner in which the case was handled, ONLY ONE came forward to express concern and report the matter ([redacted], of course, knew I was reporting the matter, so should be excused). [redacted]

United States Department of the Interior
Office of Inspector General

INVESTIGATIVE ACTIVITY REPORT

Case Title Hubbell Trading Post	Case Number PI-PI-07-0054-I
Reporting Office Ganado, Arizona	Report Date April 17, 2007
Report Subject Interview of Chip Davis, NPS Special Agent	

On April 17, 2007, Chip Davis, NPS Special Agent, was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain additional information related to the NPS investigation of Hubbell Trading Post (HTP) National Historic Site and Bill Malone, HTP Trader/Manager. Davis is [redacted] and conducted numerous interviews on the HTP investigation as well as assumed custody and processed many of the financial records seized by the search warrant that was executed at Malone's residence on June 9, 2004. The interview was conducted at DOI-OIG offices in Lakewood, Colorado.

Davis' current supervisor is [redacted]. Davis has been with NPS for over [redacted] years and will [redacted] as he is approaching [redacted]. He has been assigned to numerous posts throughout the United States, including stints at the Federal Law Enforcement Training Center (FLETC) and Washington DC HQ.

Davis stated he conducted the initial surveillance at HTP (in April and May 2004) in advance for the execution for the search warrant that was conducted on June 9, 2004. Davis was unable to participate in the search warrant due to some prior scheduling commitments. Davis did meet NPS SA Clyde Yee, the case agent for the HTP investigation, in Tucson sometime during the summer of 2004. Davis assisted Yee in transporting evidence – some of which was stored at the Western Archeological Conservation Center (WACC) in Tucson and documents were stored at his NPS post of duty in Santa Fe, New Mexico.

Davis recalled participating in the interviews conducted by a contingent of HTP investigators in the Gallup, NM area during August and November 2004. Davis also "baby sat" HTP documents that were being copied by a firm in Denver after a contract was initiated by Yee. Davis recalled observing the copying of the documents over a weekend and the bill came to over $5,000. Davis persuaded Yee to allow him to transport the documents to Santa Fe and allow him to take over the copying of the documents to both save money and ensure Davis had work [redacted]. Davis stated Yee's method was not practical and would end up costing NPS tens of thousands of dollars. Davis had worked a large paper case in South Dakota and stated he felt comfortable that he could do a better job.
Davis recalled Yee making the decision to include five years of records to copy instead of three so the entire statute of limitations for potential charges could be examined. Davis was not certain whether

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Yee received those instructions or whether Yee made that decision alone as the case agent. Davis did comment Yee was being directed from three different sources – IMR Chief Ranger [redacted], SAC Jim Reilly and AUSA [redacted]

Davis commented that it was frustrating to take over the copying of the documents since "someone" made the decision to make an additional copy (for the defense or to work off of) after Davis was near completion with the copying. Davis questioned Yee, "Are we going to need all this stuff?" referring to the huge amount of documents and database that was being compiled at Yee's request. Davis opined that Yee was using his experience assisting in the [redacted] and what they did with that investigation since Yee believed the HTP was a major case with major implications for the Navaho and NPS. There was discussion at some point that investigative expenses could probably be recouped by the prosecution since millions of dollars in merchandise had been seized from Malone.

Davis recalled being at HTP about four times and talked with Steve Getzwiller at least two of the times he was at HTP. Davis was questioned with respect to allegations from Getzwiller believing exculpatory information provided to Davis (that might have explained or disproved some theories of Bill Malone engaging in criminal activity) were not included in Davis' interview report. Davis stated he would not intentionally leave out information and would provide OIG his interview notes so that a review could determine the validity of Getzwiller's allegations. Agent's Note: A follow-up request was initiated on April 26, 2007.

Davis concluded the interview by stating it was not his intent to criticize SA Yee but he did feel the investigation could have been handled better. Davis still feels there is a case to be made on Bill Malone. Also, Davis did not agree with Yee taking an aggressive approach in interviewing potential witnesses and subjects. Yee would interview the same person repeatedly and told Davis to be aggressive in interviews. Davis stated he did not feel comfortable with this tactic most of the time, based on the people they were interviewing – largely Navaho. Davis also recalled LeAnn Simpson, the WNPA Executive Director, setting up most of the HTP employee interviews and allowed to sit in on them by Yee.

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INVESTIGATIVE ACTIVITY REPORT

Case Title Hubbell Trading Post	Case Number PI-PI-07-0054-I
Reporting Office Ganado, Arizona	Report Date April 16, 2007
Report Subject Interview of Mike Snyder, NPS Intermountain Regional Director	

On April 16, 2007, Mike Snyder, NPS Intermountain Regional Director (IMR), was interviewed by DOI-OIG Special Agents Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain additional information related to the NPS investigation of Hubbell Trading Post (HTP) National Historic Site and Bill Malone, HTP Trader/Manager. Snyder was the IMR Deputy Director and later the Director during the HTP investigation. Snyder also provided funding for the investigation and interacted with Western National Parks Association (WNPA), the cooperative association that manages HTP for the NPS.

Snyder approved the closure of HTP for three days so that WNPA could conduct a forensic audit on-site. Snyder also stated he was present at the pre-search briefing on June 8, 2004 in St. Michael's, AZ. Snyder believed the purpose of the search warrant executed on June 9, 2007 at HTP was to obtain financial records and ledgers. Snyder was accompanied by [redacted] and they knocked on HTP Superintendent Nancy Stone's residence the morning of the search to notify her. Snyder recalled there was concern by the NPS investigators that Stone might compromise or tip off Bill Malone on the search because of their relationship over many years. Snyder was also present to field any inquiries from the media or surrounding, of which there were none.

Snyder remained at HTP the entire day and recalled seeing Jim Babbitt at HTP, but not at the Malone residence where the search warrant was being executed. Snyder was requested to attend the WNPA Board of Directors meeting in December 2006 and was "lambasted" by WNPA for an investigation they felt was mishandled by NPS. WNPA felt the investigation and the associated results was "a black eye" for WNPA, they were upset and felt NPS had turned a check fraud case into something much bigger and harder to prove. Snyder felt he "was called on the carpet" and did not provide a response when asked how WNPA, a cooperative association that serves at the pleasure of NPS, could have that type of pressure or control over senior NPS management.

Snyder recalled Steve Martin, the IMR Director leaving IMR in May 2005 and Snyder becoming the permanent IMR Director in December 2005. He was unaware of any funding from Washington HQ for the Hubbell investigation and either he or Martin approved the numerous funding requests submitted for the two year investigation of HTP by IMR.

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Snyder did not corroborate allegations that WNPA financed parts of the criminal investigation in exchange for NPS providing them direct access to its progress or any developments. Snyder recalled LeAnn Simpson, the Executive Director for WNPA, being very anxious and aggressive to get things resolved. Martin talked with Simpson and according to Snyder, told Simpson that NPS would "shoulder the investigation but WNPA would need to do the same and pay for the auditors to conduct the forensic audit".

Snyder recalled NPS Special Agent Paul Berkowitz telling Simpson WNPA had some exposure related to how the investigation had been conducted. Snyder reiterated that he is unaware of anyone at NPS, including himself, providing WNPA direct access to information on the on-going HTP investigation. WNPA was frustrated over the lack of progress and how the money they provided to the investigation did not culminate in the expected returns of merchandise, etc. Snyder had breakfast with Simpson prior to the WNPA Board meeting in December 2006 and Simpson wanted Snyder to tell the board that WNPA should keep the evidence seized from Malone's residence to compensate WNPA for the money they had expended on the investigation. Snyder stated he refused to do that. Snyder appeared surprised when excerpts from Simpson's interview were relayed to him alleging that he had told Simpson to keep the seized items since Malone would probably not be able to prove they were his property.

Snyder expressed his support for the direct line authority NPS law enforcement now has, although he commented that the HTP investigation is one example how things are not working very well. Snyder feels the NPS investigators were inadequately prepared or trained for white collar fraud and as a result, the HTP investigation was not conducted properly.

Snyder also commented on the power and politics that entities such as WNPA have over NPS and jobs and careers sometimes hang in the balance based on how those relationships are maintained.

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INVESTIGATIVE ACTIVITY REPORT

Case Title Hubbell Trading Post	Case Number PI-PI-07-0054-I
Reporting Office Washington, DC	Report Date April 30, 2007
Report Subject Telephonic Conversation with AUSA [redacted]	

On April 30, 2007, Assistant U.S. Attorney (AUSA) [redacted] District of Arizona, was contacted telephonically and was provided an update on the Department of Interior Office of Inspector General (DOI-OIG) investigation of the NPS case on Bill Malone, Trader for Hubbell Trading Post.

AUSA [redacted] was advised that DOI-OIG was near completion of the investigative fieldwork of the Bill Malone investigation (under open file within the Phoenix U.S. Attorney's Office) and also reviewing the allegations regarding NPS Special Agent Clyde Yee providing false information on his affidavit for the search warrant of Malone's residence; the scope of that warrant exceeded by NPS during the search; continual breaches in the chain of custody for items seized; and exculpatory information not documented by SA Yee and other NPS special agents during the investigation.

The telephonic conversation with AUSA [redacted] included our finding that false or misleading information was provided by SA Yee in his search warrant affidavit; that the items seized during the warrant were not listed under the scope of the search warrant (there was conflicting information provided by SA Yee, former AUSA [redacted] and SA Berkowitz); there were documented breaches in the evidence chain of custody; and there were instances wherein exculpatory information appeared to have been concealed. AUSA [redacted] inquired as to whether our investigation determined if there was any "intent" by any investigative personnel conducting the Malone investigation to deliberately conceal or provide false information. AUSA [redacted] was advised that had not been determined, but it did appear there were a series of missteps or poor decisions from the very beginning and throughout the investigation, as well as a lack of investigative oversight, and that an interview of SA Yee would be our next investigative step.

AUSA [redacted] advised he would decline criminal prosecution of SA Yee and could be interviewed under a compelled Kalkines interview, acknowledging it would be difficult to prove that there was any specific intent by SA Yee or others to knowingly conceal or provide false information based on our investigation to date. However, AUSA [redacted] stated Yee could be charged should he not provide truthful statements during the interview and any other contact with DOI-OIG. AUSA [redacted] stated any such conduct could also be presented to the Department of Justice, Public Integrity Division.

Reporting Official/Title Paul D. Okerberg, Special Agent, Program Integrity	Signature
Authentication Number: (b) (6), (b) (7)(C), (b) (7)(E)	

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INVESTIGATIVE ACTIVITY REPORT

Case Title Hubbell Trading Post	Case Number PI-PI-07-0054-I
Reporting Office Ganado, Arizona	Report Date May 22, 2007
Report Subject Interview of Rose Fennell	

On May 22, 2007, Rose Fennell, NPS National Coordinator for Cooperative Agreements, was interviewed by DOI-OIG Special Agents (SA) Paul D. Okerberg and [redacted]. The purpose of the interview was to obtain additional information related to the National Park Service (NPS) cooperative agreement with the Western National Parks Association (WNPA) WNPA manages the Hubbell Trading Post (HTP) for NPS through an agreement, in addition to 65 other NPS sites in 10 western states. The location of the interview was at NPS Headquarters in Washington, DC. Fennell began her government service on September 11, 2001 with NPS and has a background in accounting.

Fennell stated there three types of cooperating associations or partnerships for NPS:

(1) Concessionaires – Operate under a contract and take over specific aspects of a national park – such as lodging, food, tours, and other services.

(2) Cooperating Associations – Such as Eastern National or WNPA, that operate not through a set contract, but a general cooperative agreement.

(3) Friends groups – Such as Friends of Hubbell Trading Post – there is no agreement or contract and they exist through fundraisers (often sanctioned by the specific park), donations, etc and donate any revenues to help fund the park and any projects they can assist with.

Fennell provided a copy of a 2003 General Accounting Office report, Park Service – Agency Needs to Better Manage the Increasing Role of Nonprofit Partners that highlights aspects of all three partners and some of the problems associated with them working together, let alone benefiting the NPS.

Fennell related WNPA has one overriding agreement for all 65 sites it manages for NPS and then generally a supplemental agreement that would be specific to an individual park. The latest agreement for HTP is dated March 7, 2005.

Fennell states that her role as the National Coordinator for cooperative agreements is more of a compiling of statistics and financial reports from all the cooperative associations and ensuring that annual reports and IRS forms are submitted to NPS. Fennell stated that she has questioned some of the reports or documentation at times, but NPS regional management is also supposed to provide oversight

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on the cooperative agreements with the various associations. NPS has provided regional managers with a lot of discretion and thusly the park superintendents over all aspects of the parks within their region, including the cooperative agreements.

Fennell was surprised to hear of WNPA's involvement with the NPS investigation at Hubbell Trading Post and was concerned that WNPA had been less than cooperative with the OIG review of the investigation. Fennell felt if she were provided information that would suggest WNPA was not performing its responsibilities to NPS, she would pursue having their cooperative agreement rescinded for HTP. Fennell also commented that cooperating associations would be foolish to jeopardize their non-profit status with the IRS by "creative accounting" but did not rule out that there are probably some that might not use generally accepted accounting principles in documenting their financial statements.

Fennell stated NPS is in the process of making revisions to Director's Order #32 that details all the procedures and specific guidelines for NPS interacting with Cooperating Associations. The most important change planned is NPS will set the priorities and direction of funding of projects from the revenues collected by the cooperating association instead of the association making those determinations for NPS. Fennell provided copies of various documents specific to HTP and stated she would be available for any additional help or questions.