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\*Admitted in California only. CA bar # 157179  
Colorado Admission Pending

March 23, 1994

VIA FAX

Senator Ben Nighthorse Campbell  
United States Senate  
380 Russell Building  
Washington D.C. 20510

Re: Chapman Land Exchange

Dear Senator Campbell:

Attached is a letter I received from David Forrest concerning conversations he had with Tom Chapman, Robert Minerich and Carl Woerner in which they revealed to Mr. Forrest their "plan" to accomplish a land exchange with the Forest Service. I would appreciate it if you would read this letter very carefully. I have sent a copy of this letter as well as other information and documentation to the United States Attorney's office in Denver and have asked them to initiate an investigation into Mr. Chapman's activities.

The Appellants in the WEDC Land Exchange appeal would sincerely appreciate any assistance or advice you could offer with regards to persuading the U.S. Attorney's office to initiate an investigation. Thank you in advance for your time.

Sincerely,



Stephanie L. Fanos, Esq.

cc: Dee Jacobsen

# United States Senate

WASHINGTON, DC 20510-0805

March 24, 1994

Henry Solano  
U.S. Attorney  
1961 Stout Street  
Federal Building, Suite 1200  
Denver, Colorado 80294

Dear U.S. ~~Attorney Solano~~ *H. Solano*

I am writing to alert you to the possibility that the West Elk Development Corporation, located in Colorado, may be attempting to defraud the federal government.

The Corporation was formed, and the articles of incorporation certified on July 9, 1992. The articles of incorporation list Tom Chapman as the principle agent of the corporation. The corporation was ostensibly formed in order to develop an 80 acre parcel and a 160 acre parcel within the West Elk Wilderness Area, located in the Grand Mesa, Uncompaghre and Gunnison National Forests in Colorado.

According to a letter I have just received, it appears that the principle investors of the corporation may have devised a scheme whereby they have artificially driven up the value of the property so the Forest Service will be forced to pay more to acquire it or bargain for an exchange of more valuable property located elsewhere.

The property formerly belonged to Robert Minerich, one of the principle investors who purchased it January, 1989, from Elliott Oil Company for \$240,000, or \$1,000 an acre. Chapman acted as the real estate broker during that transaction. Then, in July 1992, Minerich sold the property to the corporation for \$960,000, or \$4,000 an acre. In effect, he sold the property to himself.

As their ultimate goal was not the development of the property, but its sale or exchange to the federal government to avoid damage to a wilderness area, it was necessary to find a way to inflate the appraisal. In calculating the fair market value the Forest Service appraiser will naturally look at the last sale price -- the artificially high price.

I have also attached a copy of the appeal that has been filed by the city of Telluride, San Juan County and the Sheep Mountain Alliance with the U.S. Forest Service. The appellants have raised several issues on appeal of a proposed land exchange involving

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DENVER, CO 80203  
303/888-1900

19 OLD TOWN SQUARE  
SUITE 238, #23  
FT. COLLINS, CO 80524

145 GRAND AVENUE, #E  
GRAND JUNCTION, CO 81501  
303/241-8831

105 E. VERMILIO  
SUITE 800  
COLORADO SPRINGS, CO 80903

885 E. 2ND AVENUE  
SUITE 228  
DURANGO, CO 81301

720 N. MAIN STREET  
SUITE 210  
PUEBLO, CO 81003

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the corporation that they would the Chief of the Forest Service to review including: the adequacy of the appraisals, whether the Forest Service violated its own rules by not giving adequate weight to the views of the county and the city; and whether the value of the West Elk parcel was inflated because of the paper transfer of the property between the previous owner and the West Elk Development Corp. I have attached a copy of this appeal which contains more details about the facts I have just stated.

I urge you to examine this situation very closely. While I am not in a position to judge whether the corporation's actions are, or may be fraudulent, and I am not alleging that a fraud has occurred, I do think there is much circumstantial evidence that indicates the possibility that some form of fraud could have been perpetrated.

Sincerely,



Ben Nighthorse Campbell  
Member of Congress

BNC/dm

attachments

cc. The Honorable Janet Reno

Attorney General

U.S. Department of Justice

10th Street and Constitution Avenue, N.W.

Washington, D.C. 20530

# DAVID R. FORREST

142 Emerald Bay  
Laguna Beach, CA 92651

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March 17, 1994

Mr. Jack Ward Thomas  
Chief U.S.D.A. Forest Service  
United States Forest Service  
P.O. Box 90690  
Washington, D.C. 20090-6090

Re: Chapman-West Elk Wilderness/Alta Lakes Land Trade

Dear Mr. Thomas:

I was asked by Ms. Stephanie Fanos to contact you regarding conversations I had with Mr. Tom Chapman, Mr. Robert Minerich, and Mr. Carl Woerner regarding the proposed trade of their West Elk Wilderness property for other Forest Service property.

To the best of my knowledge, those conversations were generally as follows:

In April or May of 1992 I met Mr. Carl Woerner, owner of Frontier Log Homes. I contacted him to make a proposal to build log homes for my former employer. He made me aware of the plan he and Mr. Tom Chapman had implemented to trade the West Elks Wilderness parcel for another more valuable parcel with better development potential. To the best of my knowledge, neither Mr. Woerner nor Mr. Chapman had any intention of ever completing a structure on the West Elks property. They believed that just a few helicopter flights to bring in building materials would be enough to convince the Forest Service that they would build if you did not agree to a trade. Mr. Chapman represented that he originally chose the parcel because of its priority on the Forest Service trade list. In fact, he was confident that the development plan would boost the West Elks Wilderness to number one on the Forest Service's list of property to be traded.

I later met with Mr. Chapman in Aspen. He showed me a map of the parcels he had identified as the most valuable alternatives for the land trade. We reviewed his portfolio describing how he had used a similar plan to sell a Black Canyon of the Gunnison parcel for a client. In the Black Canyon deal he said he actually had to run the bulldozers for a few days until the Park Service gave in and agreed to purchase the property.

Mr. Jack Ward Thomas

March 17, 1994

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Mr. Chapman explained that he was looking for new capital partners because the existing land owner, Mr. Minerich, had a microwave company which leased land from the Forest Service. Mr. Minerich was not willing to take the aggressive actions required to start development of the Wilderness Property if the Forest Service did not agree to make a land trade as proposed by Mr. Chapman.

Mr. Chapman and I, on behalf of my employer, entered into some preliminary negotiations on purchasing the West Elk Property. My recollection is that Mr. Chapman had negotiated a deal with Mr. Minerich to pay Mr. Minerich \$240,000 in cash and Mr. Minerich would provide the buyer with approximately \$480,000 in seller financing. It was my opinion that the price was high based on the county records indicating a 1989 purchase of the West Elk Property by Mr. Minerich for \$240,000. Mr. Chapman explained that the price had to be high to justify a higher value for a trade. The properties targeted for the trade were 240 acres of Hunters Ridge in Aspen, a parcel adjacent to Aldasaro Ranch in Telluride and the Alta Lakes property currently under review for the trade. Mr. Chapman contended that the Alta Lakes property would be worth 2 x 4 times the West Elk Wilderness' purchase price of \$720,000 when the trade was completed. I agreed with his estimated value on the Alta Lakes property, but I could not risk the negative consequences of a failure to complete the trade nor did I agree with what I perceived to be Mr. Chapman's tactics.

I decided to terminate discussions based on the West Elk Wilderness' lack of value in the event a trade was not consummated. In my opinion, the property could not have appreciated 300% in 4 years without the prospect of a land trade and seller financing. If the trade was unsuccessful, the Wilderness Property would revert to approximately \$240,000 for the following reasons:

1. The property has no vehicular access and therefore would have a very limited development potential;
2. The property is too remote to appeal to any significant market segment; and
3. An investor might have to hold the property indefinitely. Therefore, it was much too risky a proposition for the company I represented.

I hope this letter is helpful in identifying some additional background regarding Mr. Chapman's direct discussions with prospective investors in the West Elk Wilderness Property. I am convinced by his representations that Mr. Chapman's singular motivation in purchasing the West Elk Wilderness Property was the potential land trade. He made it clear that he thought he had created a precedent with his Black Canyon trade and wanted to capitalize on the strategy.