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Peter Stockton, Project on Government Oversight

Photo Copies Cost More Than Copier

Energy Department fire sale revealed in audit. Agency accused of mismanagement.

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The Energy Department sold 23 trucks for 17 cents each, a \$9,000 copier for a nickel and a drilling rig for \$50,000, just a few examples of hundreds of deals that squandered government resources, federal investigators have found.

The sales, which also included motor homes, laboratory equipment and cranes, occurred at the Energy Department's Nevada Test Site, the sprawling installation north of Las Vegas where nuclear bombs were once tested underground.

Sales were made under a federal program intended to promote economic development in communities around Energy Department sites. Under the program, surplus government property is sold to nonprofit community organizations with the hope that they will use it to attract business and jobs.

The sales program was established in 1994, when the nation's nuclear weapons complex was rapidly shrinking and damaging local economies. That's no longer the case. The annual budget for nuclear weapons has jumped to \$5.89 billion, up more than \$1 billion from its low point in the 1990s.

The audit marks at least the second time that Energy Department operations have been faulted for financial mismanagement in recent

months. The FBI is still investigating financial fraud at the Energy Department's Los Alamos National Laboratory in New Mexico. A series of congressional investigations also found that Energy Department contractors fired investigators brought in to clean up the fraud.

Sales of used equipment have caused trouble at the Energy Department before, said Peter Stockton, an investigator for the Project on Government Oversight, a watchdog group that has made a number of disclosures about management practices at the department.

In 1997, the Energy Department's Sandia National Laboratory sold an Intel Corp. supercomputer to a Chinese national for \$31,000, according to an investigative report. After learning that the computer, among the 100 fastest computers in the world at the time, would be exported to China, the Energy Department demanded to repurchase the computer. But it had to pay \$89,000 for it.

"They have a management problem at Energy," said Stockton, who formerly conducted special investigations for the Energy Department under the Clinton administration. "A lot of this stuff is outrageous."

The new report, using low-key language typical of government audits, said equipment sales at the Nevada Test Site were "not in the best interest of the taxpayers." The sales were all made to a single community organization, the NTS Development Corp. of Las Vegas.

The 23 trucks were in good condition and worth a total of

\$448,000, auditors found. The copying machine was less than a year old.

In other cases, the test site sold equipment that was not surplus and later had to be replaced at full cost. That included laboratory equipment that Lawrence Livermore National Laboratory in California had requested but never received. Livermore subsequently had to buy new equipment for \$2.5 million.

The report focused on one particular sale involving a drilling rig. NTS bought the rig for \$50,000 and paid a subcontractor \$71,000 to inspect and clean it. NTS then sold the rig for \$248,000 to an equipment broker in Texas, who has since listed it for sale for \$3.9 million.

The report found the deal not only squandered government assets but failed to provide a benefit to the local community.

Tom Williams, NTS executive director, said many of the items his organization acquired at low cost were in "pretty bad shape. In a lot of cases it wasn't worth much more than scrap."

NTS, which has only three employees, has sponsored a number of economic projects at the test site to help offset the employment reductions, Williams said. But most of the projects have failed. The one current project employs 30 workers who clean radioactivity off equipment, he said.

The test site is part of the National Nuclear Security Administration, an agency inside the Energy Department.