



Colorado Coalition of Land Trusts

The Mission of the Colorado Coalition of Land Trusts is to promote and support land conservation excellence in Colorado through leadership, advocacy, education and outreach.

FACT SHEET: State Investigation of Conservation Easement Abuse May 2008

This document summarizes public announcements and news articles on the recent and ongoing investigations by the Department of Regulatory Agencies (DORA) into abuse of the conservation easement tax credit program. Please note that the organizations

- In November 2007 DORA's Director of Real Estate and Securities Commissioner issued a press advisory that they were opening an investigation into abusive activity involving conservation easements and issued about 30 subpoenas to people involved in the [suspect] deals. (DORA press release, 11/19/07, *Denver Post*, Easement deals lead to inquiries, 11/24/07)
- In January 2008, DORA suspended the license of one appraiser associated with these suspect deals. (*Denver Post*, License frozen for Loveland appraiser, 1/13/08)
- In a sampling of conservation easements from one group that was the focus of the investigation, Noah Land Conservation (also known as Colorado Natural Land Trust), DORA found gross overvaluations of 111 easements on the eastern plains. The scheme involved 6,100 acres valued at \$76.5 million (hence the potential for **\$37 million in possible fraud**) by a mere three appraisers, on parcels that were meticulously subdivided so they could slip past county and state laws regarding acreage or subdivision development. (*High Country News*, Conservation easement conundrums, 3/31/08)
- In February, DORA subpoenaed the Greenlands Reserve of Summit County for documents involving at least 90 conservation easements in Pueblo, Bent, Huerfano, Adams, Kit Carson, Prowers, Otero, Las Animas and Weld counties. (*Denver Post*, State probes land trust, 2/26/08)
- In one particularly egregious example, the appraised value of a single 640-acre ranch leaped more than \$14 million in a matter of days. DORA's investigation is ongoing, but they have narrowed the state's spoilers down to about eight appraisers (including the two she's already sanctioned), a couple of attorneys and a promoter or two - and their offenses, including possible securities fraud, could spread into the realm of other government agencies. (*High Country News*, Conservation easement conundrums, 3/31/08)
- So far, the IRS has largely ignored Colorado's investigations into the most brazen offenders, says Erin Toll, Director of the Division of Real Estate. But she's hoping that the federal agency will finally avail itself of the state's expertise and resolve the lingering audits. "If we can work out something where we can help them, 90 percent of the problem can go away." (*High Country News*, Conservation easement conundrums, 3/31/08)

- In testimony to the Colorado Senate Finance Committee on 4/22/08 Director of the Division of Real Estate, Erin Toll, said that her investigation has now uncovered at least \$100 million in suspect tax credits.
- A third conservation easement appraiser was suspended by the state of Colorado May 1, 2008. The latest suspension involves an appraiser who worked for landowners who donated easements to Greenlands Reserve and Noah Land Trust (AKA Colorado Natural Land Trust) both of whom are not CCLT members. Director Erin Toll said “the problems were gross over valuations of land.” She went on to say that these cases are being referred to the attorney general’s office. (*Rocky Mountain News*, Appraiser on easements suspended, 5/2/08)

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