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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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The Honorable Henry M. Jackson, Chairman  
Committee on Interior and Insular Affairs  
United States Senate

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Dear Mr. Chairman:

On March 19, 1973, you requested that GAO study specific allegations and problems involved in the disruption at Wounded Knee, South Dakota, on the Pine Ridge Indian Reservation. We conducted our review at the Pine Ridge agency office of the Department of the Interior's Bureau of Indian Affairs, reviewed pertinent records, and interviewed agency office and tribal officials.

The Oglala Sioux Tribe was organized under the Indian Reorganization Act of June 18, 1934 (48 Stat. 984), as amended by the Act of June 15, 1935 (49 Stat. 378). The tribe is not incorporated. It ratified its constitution and bylaws on December 14, 1935, and the Secretary of the Interior approved them on January 15, 1936. The Oglala Sioux Council, consisting of 21 elected members, is the tribal governing body. The president and vice president of the tribe are elected every 2 years by eligible voters on the reservation. All tribal members who are 21 years of age and who resided on the reservation for 1 year before the election are eligible to vote.

You specifically requested information concerning:

1. Financial assistance received from the Federal Government over the last 5 years.
2. Grade levels of Indians and non-Indians employed by the Bureau at the agency office.
3. The propriety of certain actions of the realty officer.
4. The propriety of a contract awarded for the most recent public housing project on the reservation.

A summary of the information gathered in these areas follows.

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FEDERAL EXPENDITURES

Bureau and other Federal agency expenditures for the benefit of Indians on the reservation are as follows:

|                  | <u>Expenditures</u> |                               |                      |
|------------------|---------------------|-------------------------------|----------------------|
|                  | <u>Bureau</u>       | <u>Other Federal agencies</u> | <u>Total Federal</u> |
|                  | (000 omitted)       |                               |                      |
| 1969             | \$ 4,570            | \$ 4,085                      | \$ 8,655             |
| 1970             | 5,494               | 5,004                         | 10,498               |
| 1971             | 6,839               | 4,383                         | 11,222               |
| 1972             | 7,778               | 6,950                         | 14,728               |
| 1973 (estimated) | <u>9,353</u>        | <u>13,983</u>                 | <u>23,336</u>        |
| Total            | <u>\$34,034</u>     | <u>\$34,405</u>               | <u>\$68,439</u>      |

The Bureau's major expenditures were for education programs, social services and community development programs, and road construction. The other Federal agencies' major expenditures were for housing and health services. (See encs. I and II.)

According to Bureau records about 11, 353 Indians constituted about 2,106 Indian families on the reservation as of March 1972. On the basis of these statistics, the total estimated fiscal year 1973 Federal expenditures of \$23,336,000 for the reservation in relation to the number of Indians and Indian families are \$2,055 and \$11,080, respectively.

The Bureau estimates that the income of Indians residing on the reservation from wages and salaries, land use, and welfare and assistance programs in fiscal year 1973 will be about \$15,079,800. (See enc. III.) Relating this estimated income for fiscal year 1973 to the number of Indians and Indian families on the reservation, the average income will be about \$1,330 and \$7,160, respectively. We did not verify the completeness or accuracy of data on Federal expenditures and reservation income.

AGENCY OFFICE EMPLOYMENT

Bureau records showed that as of March 20, 1973, the agency office employed 358 persons. Sixty-two percent, or 223, were Indians--198 Oglala Sioux and 25 Indians from other tribes. Thirty-eight percent, or 135, were non-Indians, of whom 97 were teachers. (See enc. IV for employment by grade level.)

ALLEGATION CONCERNING REAL PROPERTY OFFICER

It was alleged that Mr. Tom Conroy, Real Property Officer at the agency office, was taking advantage of his office to become the largest single landowner on the reservation. Mr. Conroy is a member of the Oglala Sioux Tribe of the reservation.

Bureau records indicate that Mr. Conroy purchased about 3,170 acres of individual Indian trust land on the reservation, either in his own name or in the names of his minor children, from 1948 to 1951. Mr. Conroy was then a Bureau range aide on the reservation and was not connected with the realty office.

The Bureau investigated these purchases and concluded that, although certain regulation requirements concerning trust land purchases by Bureau employees had not been met, it was impossible to conclude that prices Mr. Conroy paid were out of line with prices paid by others for similar land. Bureau records do not indicate that Mr. Conroy has purchased any significant amount of reservation trust land since joining the realty office in 1955.

Clarence Conroy, a son, has purchased about 700 acres since he became 21 years of age in 1967. Because of the urgency of your request and the fact that a review of the son's purchases would involve more time, we did not determine whether Mr. Conroy used his office to benefit his son's transactions.

Mr. Conroy's and his family's land purchases, totaling about 3,900 acres, have not made them the largest landowner on the reservation. At least two individuals have larger landholdings. (See enc. V for additional details on Mr. Conroy's purchases and the Bureau's investigation, and see enc. VI for a summary of findings prepared by the Department on the investigation of Mr. Conroy's land purchase.)

PROPRIETY OF PRINCIPAL CONSTRUCTION  
CONTRACT AWARDS FOR THE MOST RECENT  
PUBLIC HOUSING PROJECT

2 The most recent federally subsidized public housing project on the reservation was a 451-unit project developed by the Oglala Sioux Housing Authority under a contract, entered into in April 1971, with the Department of Housing and Urban Development (HUD). 23

The housing authority contracted in two phases for the construction with the Oglala Sioux Tribal Building Enterprise. The contract for phase I called for constructing 64 units at a total cost of \$1,368,256. Construction labor and management were supplied by the Oglala Sioux Tribe; the materials were obtained under contract.

The housing authority contract with the building enterprise for phase II was entered into on June 24, 1971, and called for constructing by December 1973, 387 units at a cost of \$8,168,845. In March 1972 the building enterprise solicited proposals for constructing the 387 units. The solicitations called for proposals based on several different construction methods. At that time the building enterprise was attempting to develop a factory concept of modular housing using Indian labor; however, because of the completion deadline for phase II, the building enterprise had to contract with construction firms. Responses were received from four firms.

U.S. Steel Home's proposal was rejected because it was based on specifications different from those in the solicitation. The building enterprise considered rejecting the bid of Rushmore Homes, operated by Mr. Jerome M. Glaze, because it was too high. However, since it was for modular units, it was decided to hold back 20 units from negotiation with the other two bidders with the hope that these could be obtained from Rushmore Homes at about the same price per unit as the other units.

Negotiations were held with the other two bidders, R&S Construction Company and Buckingham Wood Products, Inc., for 331 units including foundations. A contract was awarded to R&S Construction Company to build the 331 units at a cost of \$6,299,480--80 units at \$18,880 a unit and 251 units at \$19,080 a unit. Jerome Glaze was awarded a contract for 20 units for \$381,500, or \$19,075 a unit.

Negotiations were then held with Buckingham Wood Products, Inc., to build 36 units on foundations already constructed, and a contract was awarded for \$535,680, or \$14,880 a unit.

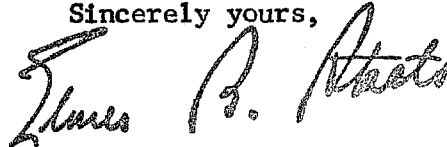
On September 29, 1972, Jerome Glaze requested and was granted cancellation of his contract. Mr. Glaze said he wanted to cancel his contract because he was overwhelmed with work in Rapid City as a result of the June 1972 flood. The contract with Mr. Glaze did not provide for liquidated damages for failure to complete the project. The 20 units under contract to Mr. Glaze were added to the contract with R&S Construction Company at a cost of \$19,080 a unit.

An official of the HUD Regional Housing Assistance Office informed us that HUD had no requirements concerning the method of contracting between the building enterprise and subcontractors. Details concerning the housing contracts are contained in enclosure VII.

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We did not obtain written comments from the Department of the Interior or individuals named in the report or enclosures on the matters discussed in the report because you requested that we not obtain comments due to the urgency in obtaining the information. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Peltz".

Comptroller General  
of the United States

Enclosures - 8

BUREAU OF INDIAN AFFAIRS EXPENDITURES  
ON THE PINE RIDGE RESERVATION  
FISCAL YEARS 1969 THROUGH 1973 (note a)

| <u>Program</u>                                 | <u>Expenditures</u> |                |                |                |                                | <u>Total</u>    |
|--|---------------------|----------------|----------------|----------------|--------------------------------|-----------------|
|  | <u>1969</u>         | <u>1970</u>    | <u>1971</u>    | <u>1972</u>    | <u>1973</u><br><u>(note b)</u> |                 |
|  | (000 omitted)       |                |                |                |                                |                 |
| <b>Education and Welfare Services:</b>         |                     |                |                |                |                                |                 |
| Educational assistance and facilities          | \$1,852             | \$2,360        | \$2,897        | \$3,252        | \$2,563                        | \$12,924        |
| Community college grant                        | -                   | -              | -              | -              | 200                            | 200             |
| Higher education                               | 73                  | 97             | 127            | 316            | 414                            | 1,027           |
| Education grants under Johnson-O'Malley Act    | 71                  | 139            | 174            | 226            | 205                            | 815             |
| Social services and community development      | 752                 | 882            | 1,215          | 1,379          | 1,559                          | 5,787           |
| Housing improvement                            | 102                 | 56             | 64             | 78             | 76                             | 376             |
| Employment assistance and vocational training  | 71                  | 54             | 296            | 289            | 596                            | 1,306           |
| Judicial, prevention, and enforcement services | 149                 | 220            | 206            | 312            | 395                            | 1,282           |
| Subtotal                                       | <u>3,070</u>        | <u>3,808</u>   | <u>4,979</u>   | <u>5,852</u>   | <u>6,008</u>                   | <u>23,717</u>   |
| <b>Resources Management:</b>                   |                     |                |                |                |                                |                 |
| Comprehensive planning                         | -                   | -              | -              | -              | 20                             | 20              |
| Forestry and range lands                       | 59                  | 55             | 59             | 65             | 74                             | 312             |
| Fire suppression                               | 10                  | 8              | 24             | 22             | -                              | 64              |
| Agricultural extension                         | 68                  | 63             | 35             | 22             | 49                             | 237             |
| Credit operations                              | 43                  | 34             | 36             | 26             | 47                             | 186             |
| Reservation programs                           | 18                  | 18             | 21             | 23             | 21                             | 101             |
| Housing development                            | 14                  | 32             | 38             | 32             | 15                             | 131             |
| Soil and moisture conservation                 | 94                  | 100            | 110            | 138            | 131                            | 573             |
| Maintenance of roads                           | 122                 | 165            | 200            | 186            | 160                            | 833             |
| Real property management                       | 100                 | 101            | 109            | 117            | 92                             | 519             |
| General trustee service                        | 27                  | 31             | 31             | 37             | 39                             | 165             |
| Buildings and utilities repair                 | 337                 | 418            | 452            | 465            | 372                            | 2,044           |
| Maintenance of reservation facilities          | 13                  | 49             | 49             | 50             | 20                             | 181             |
| Indian business development fund               | -                   | -              | 60             | -              | -                              | 60              |
| Plant operations                               | -                   | -              | -              | -              | 661 <sup>c</sup>               | 661             |
| Subtotal                                       | <u>905</u>          | <u>1,074</u>   | <u>1,224</u>   | <u>1,183</u>   | <u>1,701</u>                   | <u>6,087</u>    |
| <b>Construction:</b>                           |                     |                |                |                |                                |                 |
| Building and utilities                         | 44                  | 260            | 86             | 59             | 8                              | 457             |
| Road construction                              | 551                 | 352            | 550            | 684            | 1,542                          | 3,679           |
| Reservation management                         | -                   | -              | -              | -              | 94 <sup>c</sup>                | 94              |
| Subtotal                                       | <u>595</u>          | <u>612</u>     | <u>636</u>     | <u>743</u>     | <u>1,644</u>                   | <u>4,230</u>    |
| <b>Total</b>                                   | <u>\$4,570</u>      | <u>\$5,494</u> | <u>\$6,839</u> | <u>\$7,778</u> | <u>\$9,353</u>                 | <u>\$34,034</u> |

<sup>a</sup> Supplied by the Bureau of Indian Affairs, Aberdeen area office. We did not verify this data. An area office official told us that for fiscal years 1969 through 1971 these amounts represent expenditures and accounts payable for goods and services received during each year. The data for fiscal year 1972 represents obligations.

<sup>b</sup> Estimated.

<sup>c</sup> Prior to 1973 these expenditures were included in expenditures of other programs.

OTHER FEDERAL AGENCY EXPENDITURES  
ON THE PINE RIDGE RESERVATION  
FISCAL YEARS 1969 THROUGH 1973 (note a)

| <u>Agency and program</u>                 | <u>Expenditures</u> |              |              |              |                                | <u>Total</u>  |
|---|---------------------|--------------|--------------|--------------|--------------------------------|---------------|
|   | <u>1969</u>         | <u>1970</u>  | <u>1971</u>  | <u>1972</u>  | <u>1973</u><br><u>(note b)</u> |               |
|   | (000 omitted)       |              |              |              |                                |               |
| Health, Education, and Welfare--          |                     |              |              |              |                                |               |
| Indian Health Service:                    |                     |              |              |              |                                |               |
| Hospital service                          | \$ 770              | \$ 839       | \$ 996       | \$1,271      | \$ 1,195                       | \$ 5,071      |
| Contract health service                   | 297                 | 354          | 404          | 380          | 370                            | 1,805         |
| Sanitation inspection and<br>consultation | 22                  | 23           | 15           | 63           | 22                             | 145           |
| Dental services                           | 64                  | 87           | 75           | 87           | 83                             | 396           |
| Public health nursing                     | 76                  | 94           | 95           | 111          | 105                            | 481           |
| Health education                          | 8                   | 15           | 18           | 13           | 1                              | 55            |
| Field medical services                    | 103                 | 113          | 151          | 123          | 140                            | 630           |
| Mental health                             | 128                 | 129          | 75           | 168          | 167                            | 667           |
| Community health program                  | 120                 | 117          | 72           | 85           | 143                            | 537           |
| Community maternal health                 | -                   | -            | -            | 47           | 47                             | 94            |
| Ear, nose, and throat program             | -                   | -            | -            | 80           | 89                             | 169           |
| Agency total                              | <u>1,588</u>        | <u>1,771</u> | <u>1,901</u> | <u>2,428</u> | <u>2,362</u>                   | <u>10,050</u> |
| Office of Economic Opportunity:           |                     |              |              |              |                                |               |
| Administration of programs                | 97                  | 80           | 75           | 93           | 88                             | 433           |
| Rangers                                   | 101                 | 92           | 86           | 84           | 95                             | 458           |
| Home management                           | 55                  | 50           | -            | -            | -                              | 105           |
| Community development                     | 24                  | 34           | 90           | 227          | 206                            | 581           |
| Emergency food and medical services       | 31                  | -            | 65           | 73           | 103                            | 272           |
| Youth development and youth centers       | -                   | -            | 32           | 43           | 70                             | 145           |
| Cooperatives                              | -                   | -            | 33           | 24           | 35                             | 92            |
| Economic development                      | -                   | -            | 97           | 47           | -                              | 144           |
| Community college                         | -                   | -            | -            | 28           | -                              | 28            |
| Agency total                              | <u>308</u>          | <u>256</u>   | <u>478</u>   | <u>619</u>   | <u>597</u>                     | <u>2,258</u>  |
| Health, Education, and Welfare--other:    |                     |              |              |              |                                |               |
| Head start                                | 267                 | 271          | 261          | 328          | 277                            | 1,404         |
| Parent child centers                      | 230                 | 174          | 174          | 176          | 185                            | 939           |
| Alcoholism program                        | -                   | -            | 29           | 47           | 49                             | 125           |
| Talent search                             | -                   | -            | 35           | 35           | 35                             | 105           |
| Cultural enrichment, title I              | 241                 | 248          | 408          | 582          | 559                            | 2,038         |
| Special education, title III              | 75                  | 75           | 50           | 37           | 35                             | 272           |
| Bilingual program, title VII              | -                   | -            | -            | 155          | 136                            | 291           |
| Dropout prevention, title VIII            | -                   | 220          | 241          | 340          | 425                            | 1,226         |
| Agency total                              | <u>813</u>          | <u>988</u>   | <u>1,198</u> | <u>1,700</u> | <u>1,701</u>                   | <u>6,400</u>  |

| <u>Agency and program</u>                   | <u>Expenditures</u> |                |                |                |                                | <u>Total</u>    |
|---|---------------------|----------------|----------------|----------------|--------------------------------|-----------------|
|   | <u>1969</u>         | <u>1970</u>    | <u>1971</u>    | <u>1972</u>    | <u>1973</u><br><u>(note b)</u> |                 |
|   | (000 omitted)       |                |                |                |                                |                 |
| Department of Labor:                        |                     |                |                |                |                                |                 |
| Neighborhood youth corps                    | \$ 308              | \$ 304         | \$ 281         | \$ 274         | \$ 271                         | \$ 1,438        |
| New careers                                 | 184                 | 160            | 198            | 204            | 204                            | 950             |
| Public service careers                      | -                   | 167            | 167            | 143            | 143                            | 620             |
| Emergency employment                        | -                   | -              | -              | 154            | 154                            | 308             |
| Foster grandparents                         | -                   | -              | -              | -              | 91                             | 91              |
| Job opportunities in the<br>business sector | -                   | 12             | 12             | 20             | 20                             | 64              |
| Agency total                                | <u>492</u>          | <u>643</u>     | <u>658</u>     | <u>795</u>     | <u>883</u>                     | <u>3,471</u>    |
| Economic Development Administration:        |                     |                |                |                |                                |                 |
| Planning assistance grants                  | 40                  | 36             | 34             | 26             | 39                             | 175             |
| Sewage treatment grant                      | -                   | 68             | -              | -              | -                              | 68              |
| Airport construction grant                  | -                   | 190            | -              | -              | -                              | 190             |
| Industrial park grant                       | 19                  | 19             | -              | -              | -                              | 38              |
| Agency total                                | <u>59</u>           | <u>313</u>     | <u>34</u>      | <u>26</u>      | <u>39</u>                      | <u>471</u>      |
| Housing and Urban Development:              |                     |                |                |                |                                |                 |
| Housing development projects                | 825                 | 950            | -              | 1,368          | 8,169                          | 11,312          |
| Housing modernization                       | -                   | -              | -              | -              | 198                            | 198             |
| Housing planning grant                      | -                   | -              | -              | -              | 34                             | 34              |
| Agency total                                | <u>825</u>          | <u>950</u>     | <u>-</u>       | <u>1,368</u>   | <u>8,401</u>                   | <u>11,544</u>   |
| Environmental Protection Agency:            |                     |                |                |                |                                |                 |
| Sewage treatment grant                      | -                   | 41             | -              | -              | -                              | 41              |
| Law Enforcement Assistance Association:     |                     |                |                |                |                                |                 |
| Criminal justice improvement program        | -                   | 42             | 114            | 14             | -                              | 170             |
| Grand total                                 | <u>\$4,085</u>      | <u>\$5,004</u> | <u>\$4,383</u> | <u>\$6,950</u> | <u>\$13,983</u>                | <u>\$34,405</u> |

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Based on estimated and actual expenditures supplied to us by agency and tribal personnel. Includes only payments to the tribe or tribal organizations. Does not include direct payments to Indians by Federal agencies, such as Social Security benefits. We did not verify the accuracy or completeness of this data.

b

Estimated.



ESTIMATED INCOME OF INDIANS RESIDING ON  
THE PINE RIDGE INDIAN RESERVATION

FISCAL YEAR 1973 (note a)

| <u>Source</u>  | <u>Amount</u>       |
|--|---------------------|
| Wages and salaries from employment by:                           |                     |
| Bureau of Indian Affairs   | \$ 1,955,000        |
| Indian Health Service  | 954,000             |
| Various Federal grant programs                                   | 1,807,000           |
| Oglala Sioux Tribe   | 257,200             |
| Other Federal and State agencies                                 | 329,000             |
| Agricultural enterprises   | 1,200,000           |
| Other  | <u>1,957,700</u>    |
| Total from employment  | <u>8,459,900</u>    |
| Land use (leasing, grazing fees, etc.)                           | <u>1,150,000</u>    |
| Welfare and assistance programs:                                 |                     |
| Bureau of Indian Affairs general<br>assistance and child welfare | 1,363,000           |
| Aid to families with dependent children                          | 1,471,200           |
| Old age and survivors insurance                                  | 1,572,000           |
| Unemployment compensation  | 245,600             |
| Oglala Sioux tribal welfare                                      | 39,000              |
| Other  | <u>779,100</u>      |
| Total from welfare and assistance                                | <u>5,469,900</u>    |
| Grand total  | <u>\$15,079,800</u> |

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We obtained this data from Bureau records at the Pine Ridge agency office without verifying its accuracy or completeness. The agency office maintained estimates of income only; it did not maintain records showing comparable actual income.

BUREAU OF INDIAN AFFAIRS EMPLOYEES  
PINE RIDGE AGENCY OFFICE  
AT MARCH 20, 1973

| <u>Grade level</u>            | <u>Number of employees</u> |                         |                        | <u>Total</u> |
|-------------------------------|----------------------------|-------------------------|------------------------|--------------|
|                               | <u>Oglala<br/>Sioux</u>    | <u>Other<br/>Indian</u> | <u>Non-<br/>Indian</u> |              |
| <b>General Schedule</b>       |                            |                         |                        |              |
| 1                             | 1                          | -                       | -                      | 1            |
| 2                             | 4                          | 1                       | -                      | 5            |
| 3                             | 22                         | 3                       | -                      | 25           |
| 4                             | 27                         | 1                       | 3                      | 31           |
| 5                             | 15                         | 2                       | 7                      | 24           |
| 6                             | 4                          | -                       | 1                      | 5            |
| 7                             | 4                          | 2                       | 21                     | 27           |
| 8                             | -                          | 1                       | -                      | 1            |
| 9                             | 10                         | 3                       | 75                     | 88           |
| 10                            | 1                          | -                       | -                      | 1            |
| 11                            | 3                          | -                       | 16                     | 19           |
| 12                            | 3                          | 3                       | 5                      | 11           |
| 13                            | 1                          | -                       | -                      | 1            |
| 14                            | -                          | -                       | -                      | -            |
| 15                            | -                          | -                       | 1                      | 1            |
| <b>Total General Schedule</b> | <b>95</b>                  | <b>16</b>               | <b>129</b>             | <b>240</b>   |
| <b>Wage Board</b>             |                            |                         |                        |              |
| 2                             | 29                         | -                       | -                      | 29           |
| 3                             | 7                          | -                       | -                      | 7            |
| 4                             | -                          | -                       | -                      | 0            |
| 5                             | 5                          | -                       | -                      | 5            |
| 6                             | 3                          | 1                       | -                      | 4            |
| 7                             | 34                         | 3                       | 1                      | 38           |
| 8                             | 17                         | 1                       | 2                      | 20           |
| 9                             | 3                          | 2                       | 1                      | 6            |
| 10                            | 5                          | 2                       | 2                      | 9            |
| <b>Total Wage Board</b>       | <b>103</b>                 | <b>9</b>                | <b>6</b>               | <b>118</b>   |
| <b>Total Bureau employees</b> | <b>198</b>                 | <b>25</b>               | <b>135</b>             | <b>358</b>   |
| <b>Percent</b>                | <b>55</b>                  | <b>7</b>                | <b>38</b>              | <b>100</b>   |

<sup>a</sup> Includes a total of 107 teachers, of whom 97 were non-Indians, 7 were Oglala Sioux Indians, and 3 were Indians from other tribes.

ALLEGATION CONCERNING REAL PROPERTY OFFICER

From 1948 to 1951 Mr. Tom Conroy, Real Property Officer for the Bureau's Pine Ridge agency office, purchased 10 parcels of individual Indian trust land totaling about 3,170 acres from other Indians on the reservation. He purchased 480 acres in his own name and the remaining 2,690 acres in the names of his minor children. At that time Mr. Conroy was a Bureau range aide and was not connected with the realty office. Mr. Conroy is a member of the Oglala Sioux Tribe of the Pine Ridge Reservation.

In 1952 the Bureau reviewed Mr. Conroy's 1948 to 1951 land acquisition activities. Because Mr. Conroy was a Bureau employee when he negotiated the purchases, the transactions were subject to the Code of Federal Regulations provisions on sales of Indian trust land to Government employees.

The Bureau's review disclosed that Mr. Conroy's transactions were not made in accordance with the regulations which require sealed bids and an affidavit on each transaction indicating that the employee did not exercise any undue influence or use special knowledge received from his office. Mr. Conroy was advised of this and was instructed to transmit his deeds for cancellation. The records did not show any final resolution of the case at that time.

In December 1964 the Bureau received a complaint about Mr. Conroy's real estate transactions. Investigation of this complaint in 1965 disclosed that no action had been taken as a result of the 1952 investigation. The Bureau advised Mr. Conroy of the need for the following actions to perfect the titles. First, he was required to execute and submit affidavits stating that, in obtaining the consent of the sellers in each transaction, he had not exercised any undue influence or used any special knowledge received from his employment. Mr. Conroy submitted these affidavits.

The Bureau also advised Mr. Conroy that each tract would be appraised as of the date of the purchase to ascertain whether the price paid constituted the fair market value at that time. After the appraisals were made, Mr. Conroy was advised that he would be required to pay an additional \$25,939 for the difference between the price he paid and the fair market value based on the appraisals.

However, in 1966 the Bureau determined that prices paid in most negotiated sales of Indian land similar to Mr. Conroy's purchases were

arrived at by the seller and purchaser without benefit of appraisals by trained appraisers and that it was impossible to conclude that the prices Mr. Conroy paid were out of line with prices paid by the tribe or other Indians in similar transactions. Mr. Conroy was not required to pay the additional \$25,939.

The Deputy Solicitor for the Department of the Interior reviewed the case and concluded that there was no legal objection to the approval of the negotiated sales of Indian lands to Mr. Conroy and his children, and in 1967 the Bureau approved the sales.

Bureau records show that, since the 1948 to 1951 transactions, Mr. Conroy has purchased interests held by others in a tract of land inherited from his father. Mr. Conroy became a Bureau Real Property Assistant in 1955 and the Real Property Officer in 1962. Bureau records show that as of March 28, 1973, Mr. Conroy was the sole owner of about 775 acres of reservation land and had a two-twenty sevenths interest in 320 acres which he had inherited from his mother.

Bureau records show that Clarence Conroy, a son, has purchased about 700 acres since he became 21 years of age in September 1967. Mr. Conroy's and his family's land purchases of about 3,900 acres have not made them the largest landowners on the reservation.

SUMMARY OF FINDINGS PREPARED BY THE  
DEPARTMENT OF THE INTERIOR ON ITS INVESTIGATION OF  
ALLEGED ILLEGAL TRADING WITH INDIANS BY THOMAS CONROY,  
AN EMPLOYEE OF THE BUREAU OF INDIAN AFFAIRS,  
PINE RIDGE AGENCY, PINE RIDGE, SOUTH DAKOTA

It was alleged by Edison G. Ward, Martin, South Dakota, that Thomas Conroy, Realty Officer, Pine Ridge Agency, Bureau of Indian Affairs, Pine Ridge, South Dakota, has personally purchased trust Indian lands in violation of law and regulation; and further, that Conroy has consistently ill-advised Indian landowners as to their rights under law and regulation.

A Departmental investigation conducted in 1952 disclosed that the Bureau of Indian Affairs in the period 1948-1951 approved a number of transactions in which Thomas Conroy, then employed as a Range Aide at the Pine Ridge Agency, purchased or acquired by exchange various tracts of Indian land in a trust or restricted status. Conroy is a member of the Oglala Sioux Tribe of the Pine Ridge Reservation. Most of the tracts were acquired in the names of his children who are also tribal members. However, Conroy's acquisitions were made without complying with the provisions of the Code of Federal Regulations calling for sealed bids or a waiver thereof; submission of an affidavit denying exercise of undue influence; and receipt of approval of the Secretary of the Interior for each transaction. Such regulations apply to Federal employees trading with Indians.

Subsequent to Conroy's acquisition of the lands several of the tracts became subject to oil and gas bidding.

In a decision based on findings of the Departmental investigation, the Commissioner of Indian Affairs, with the approval of the Acting Secretary of the Interior, wrote the Aberdeen Area Director on September 5, 1952, advising that Conroy's transactions were void; that the heirs of the former Indian possessor of the tracts subject to oil and gas bidding were the proper parties to execute mineral leases on such tracts; that to clear title to the various tracts, Conroy should surrender his deeds for cancellation; and that the Bureau would be willing to reexamine the Conroy acquisitions with a view to confirming transfer of surface rights only to Conroy if he had paid, or then paid, the full market value for such rights. The Area Director wrote Conroy on September 18, 1952, apparently forwarding a copy of the Commissioner's letter. When interviewed, Conroy stated that he had not surrendered his deeds as called for by the Commissioner. He said he had registered such deeds in the local county records. Conroy produced from his own files a copy of a letter he said he wrote the Area Director on October 28, 1954, about two years after receipt of the Commissioner's letter, in which he made a counter proposal to quitclaim mineral rights to one of the tracts on which there had been oil and gas bidding, in exchange for approval of his acquisition of the other tracts. Such quitclaim was for a tract which was acquired after beginning of the oil and gas interest on the Pine Ridge Reservation although Conroy's negotiation for the tract purportedly antedated such interest. Conroy's letter and the quitclaim attachment were not found in Bureau files.

Bureau officials who conferred with Conroy or dealt with his case at the Central Office level are largely no longer with the Bureau. So far as can be discovered from Bureau files, the Central Office dropped the matter without obtaining compliance with the earlier decision. In 1955 and 1956 the Central Office wrote Aberdeen asking only for information to close out the file. The Office of the Secretary also closed out the Departmental file without obtaining evidence of compliance. Rex Barnes, Aberdeen Area Office Realty Officer, who conferred with Conroy one or more times about the matter, said he attempted to prepare statistics in about 1955 or 1956 on which to base a recommendation that the Conroy acquisitions did or did not meet standards of fair market value, and could be finally approved or disapproved on this basis. He said this project was abandoned under the press of more urgent business. One land exchange was given final approval by the Commissioner's Office several years after the Departmental investigation. A transaction for an adjustment of Conroy's father's estate was also approved. The Pine Ridge Agency currently plans to advertise a grazing lease after the Aberdeen Area Office rejected a negotiated lease for Conroy. The provisions of the Code of Federal Regulations have been observed in these transactions. It is noted that Conroy obtained promotion to his present position as Grade GS-11 without regard to the fact that full compliance with the decision in the 1952 investigation had not been obtained.

When interviewed, Ward failed to give specific information to substantiate his allegation that Conroy had given improper advice to Indian landowners as to their rights. Bureau of Indian Affairs officials advised, however, that they thought Ward's grievance arose from his submission of bids on lands already subject to sale negotiation between tribal members. In at least one such instance Conroy advised the parties that it was doubtful that Ward's bid could be construed as coming from a bona fide cattle operator. Ward is commonly regarded as a "front" for a non-Indian cattle operator. Conroy's statement appears to have been consistent with Bureau policy, which calls for rejection of supervised sales on tracts which are in use by an Indian operator, or are considered key tracts, or which the Tribe does not wish to pass from a trust status.

GAO note:

On April 11, 1973, we requested a copy of the Department's investigative report on Mr. Conroy's land transactions for the Senate Committee on Interior and Insular Affairs. An official of the Department's Office of Survey and Review informed us that it was departmental policy not to release investigative reports to anyone but that he would give us a summary of the investigation's findings. This is the summary prepared by the Office and given to us on April 20, 1973.

GAO SUMMARY CONCERNING PROPRIETY OF  
PRINCIPAL CONSTRUCTION CONTRACT AWARDS  
FOR THE MOST RECENT PUBLIC HOUSING PROJECT

The most recent federally subsidized public housing project on the Pine Ridge Reservation was a 451-unit project developed by the Oglala Sioux Housing Authority under a contract, entered into in April 1971 with HUD.

The housing authority, which was chartered by the Oglala Sioux Tribal Council, contracted in two phases for the construction with the Oglala Sioux Tribal Building Enterprise, also a public body created by the tribal council. The contract for phase I, dated April 22, 1971, called for constructing 64 units at a total cost of \$1,368,256. The construction labor and management were supplied by the Oglala Sioux Tribe.

The architect--Dana, Larson, Roubal & Associates of Omaha, Nebraska--prepared the plans and specifications. The director of construction for the architect told us that, prior to the April 1971 contracts, tribal leaders had explored the possibility of erecting a house-building factory on the reservation to produce these and future housing units for the reservation as well as for other communities and reservations in South Dakota and Nebraska. By splitting the project into two phases, they hoped to have time to continue to develop a factory. Informal bidding was completed and, after considerable negotiations with three respondents, a material supply contract was entered into by the building enterprise with one of the respondents, Buckingham Wood Products, Inc., of Rapid City, South Dakota.

The housing authority's contract with the building enterprise for phase II was entered into on June 24, 1971, and called for the constructing of 387 units at a cost of \$8,168,845 by December 1973. In March 1972 the building enterprise solicited proposals for the units. The solicitations called for proposals based on several different construction methods. At that time the building enterprise was attempting to develop a factory concept of modular housing using Indian labor; however, because of the completion deadline for phase II, the building enterprise had to contract with construction firms. Responses were received from the following four firms.

1. R&S Construction Company, Rapid City, South Dakota-- proposal on 80 units including foundations.
2. Buckingham Wood Products, Inc., Rapid City, South Dakota-- proposal on 80 units including foundations, 201 units to be built on foundations supplied by the tribe, or 387 units of prefabricated panels to be manufactured off the reservation.
3. Rushmore Homes, Rapid City, South Dakota-- proposal on 387 modular units to be manufactured off the reservation.
4. U.S. Steel Homes, New Albany, Indiana-- proposal on supplying only the materials.

The director of construction for the architect told us that U.S. Steel Home's proposal had been rejected because it was based on specifications different from those in the solicitation. He said that the building enterprise had considered rejecting the proposal of Rushmore Homes, operated by Mr. Jerome M. Glaze, because it was too high. However, since it was for modular units which the tribe wanted to evaluate in connection with factory construction, the building enterprise decided to hold back 20 units from negotiations with the other two bidders with the hope that these could be obtained from Rushmore Homes at about the same price per unit as the other houses.

Negotiations were held with R&S Construction Company and Buckingham Wood Products, Inc., for 331 units including foundations. As a result, a contract was awarded to R&S Construction Company to build the units at a total cost of \$6,299,480--80 units at \$18,880 a unit and 251 units at \$19,080 a unit. Mr. Jerome Glaze was awarded a contract for 20 units costing \$381,500, or \$19,075 a unit. Negotiations were then held with Buckingham Wood Products, Inc., for constructing 36 units on the foundations already constructed. The resulting contract was awarded for \$535,680, or \$14,880 a unit. Additional contracts were awarded to other companies for constructing streets and for landscaping.

On September 29, 1972, Jerome Glaze requested and was granted cancellation of his contract. Mr. Glaze told us that he wanted to cancel his contract because he was overwhelmed with work in Rapid City as a result of the June 1972 flood. The contract with Mr. Glaze



did not provide for liquidated damages for failure to complete the project. The 20 units under contract to Mr. Glaze were added to the contract with R&S Construction Company at a cost of \$19,080 a unit. Consequently, as of March 1973 only R&S Construction Company and Buckingham Wood Products, Inc., were involved in constructing housing units under phase II.

An official of the HUD Regional Housing Assistance Office informed us that HUD had no requirements, such as competitive bidding, concerning the method of contracting between the building enterprise and subcontractors.

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ENCLOSURE VIII

## United States Senate

COMMITTEE ON  
INTERIOR AND INSULAR AFFAIRS  
WASHINGTON, D.C. 20510

March 19, 1973

The Honorable Elmer B. Staats  
Comptroller General of the United States  
Washington, D. C.

Dear Mr. Staats:

As you are aware, there has been a great deal of concern expressed by many Members of Congress and the public with respect to the current state of Indian affairs in the United States. Of particular interest to my Committee at the present time is the situation now occurring at Wounded Knee, South Dakota, and the events which led up to the current controversy.

Our Subcommittee on Indian Affairs, under the Chairmanship and direction of Senator James Abourezk, is preparing to make an extensive survey and study of the problems facing the American Indians in our society. We will be calling upon you to assist the Subcommittee in this endeavor at the appropriate time. However, at present I would like to request the assistance of the General Accounting Office in studying some of the specific allegations and problems involved in the uprising and disruption at Wounded Knee. Several allegations have been made concerning the administration of Indian programs by the Bureau of Indian Affairs Agency Office on the Pine Ridge Reservation.

The specific areas on which the Committee is requesting that your Office obtain information are:

1. The amount of money that has been expended over the last 5 years by the Bureau of Indian Affairs and other Federal agencies for the benefit of Indians on the Pine Ridge Reservation, and the purposes for which these funds were spent. We would also like to know the average per capita and average family income of Oglala Sioux residents on the Pine Ridge Reservation and the total Federal expenditures in relation to the number of individual Indians and Indian families on the reservation.

The Honorable Elmer B. Staats

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March 19, 1973

2. The total number of people employed by the Bureau of Indian Affairs at its Pine Ridge Agency Office, the number of such employees who are Indians, the number of Indians at each grade level, and the number of non-Indians at each grade level.

3. It has been alleged that Mr. Tom Conroy, Realty Officer at the Bureau of Indian Affairs' Pine Ridge Agency Office, who is operating in an official public capacity, has been taking advantage of his office to become the largest single landowner on the Pine Ridge Reservation. We need to have any information that can be made available to shed some light on this allegation.

4. Examine into the propriety of the contract awarded to a non-Indian residing beyond the reservation for the most recent Federally subsidized public housing project on the reservation.

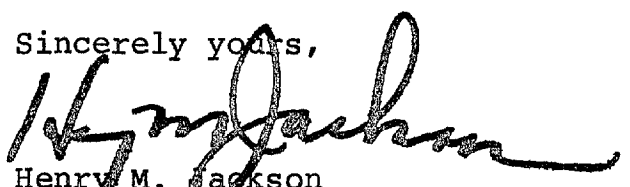
I would appreciate your office making a careful survey of these allegations and a prompt investigation into this matter. We would also like to have your review establish the fact that the Oglala Sioux Tribal government of the Pine Ridge Reservation, South Dakota, was organized pursuant to the provisions of the act of June 18, 1934 (48 Stat. 984), as amended.

The Committee believes it important that the official record reveal that the tribal governing body and its elected officials and members are sanctioned by a Federal law.

I realize that there is a great sense of urgency in connection with this matter and that a more detailed survey may be required by the Subcommittee. However, for the present time, in view of the fact that we will be scheduling hearings in the near future on this matter, I wish to urge that action be taken as quickly as possible.

In view of the urgency in obtaining this information as soon as possible, agency comments should not be obtained on the matters covered in your report to this Committee.

Sincerely yours,



Henry M. Jackson  
Chairman

HMJ:jvr