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Attorney general withdraws from UI case
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The Idaho Attorney General's Office has withdrawn from the criminal investigation of University Place, the University of Idaho's multimillion dollar failed real estate venture in Boise.

Stating that investigating the project would be "ethically inappropriate" because of "serious conflicts of interest," the agency announced its decision in a press release Thursday morning.

The University Place project was designed to expand the university's presence with an office/classroom campus in Boise. It cost the private, non-profit University of Idaho Foundation \$28 million and involved questionable loans to the foundation from the university's operating budget. The project's failure, due in part to poor communication and mismanagement, resulted in the 2003 resignation of UI President Bob Hoover.

"Our view is that it should continue to be investigated," said Attorney General Lawrence Wasden. "But my main goal here is to see that at the end of the day the investigation report is not subject to proper criticism."

In January, Wasden's office took over the case from the Ada County Prosecutor after the prosecutor found his office had its own conflicts of interest.

Now the AG's office has determined that its statutory duty to represent the state, including elected officials and departments, puts it in a serious conflict, especially because it would have to investigate officials and departments that had roles in the University Place project.

"From the beginning, we recognized there was a potential conflict, but then the focus was really not where it is now in terms of our investigation," said Wasden. As his office looked into the case, it became clear that investigators would have to interview public officials. "The facts are taking us in that direction," he said. "It's going to have to happen in order for this investigation to be completed properly."

The AG's office is also legally responsible for supervising non-profit corporations like the UI Foundation, yet another conflict.

"Now we're working with Ada County to find a suitable prosecuting body," said Wasden.

Last week, the Idaho district office of the U.S. Department of Justice also stepped away from investigating University Place. The Oregon district officials took over and wasted no time getting started. Oregon DOJ investigators were in Boise this week. Among their visits was a stop at the AG's office, though that wasn't why the AG's determination of conflict became public this week, said Wasden.

The fact that the AG's office is now the third entity to drop out of investigating University Place may be a sign of the scope and impact of the project, which not only involved top University of Idaho administrators, but also government officials, Boise law firms and banks, property owners and private donors to the university, according to an independent audit.

Now the Latah County Prosecutor's office is the only Idaho-based government agency still investigating the case. "I'm the only one that hasn't run into conflict," said Prosecutor Bill Thompson, who spent Thursday in Boise. He met with AG's attorneys to learn that they were no longer on the case. He also met with the Department of Justice officials who have enlisted agents from the FBI, the IRS and the U.S. Postal Service.

“We are exploring what the options might be to cooperating in the investigation, since we're dealing with the same subject matter,” he said.

Thompson's scope is limited to criminal wrongdoing in Latah County, home to the University of Idaho's main campus. Anything that happened in Boise is out of his jurisdiction, he said.