

Funny Cide Wins 129th Kentucky Derby | SPORTS, Page E1

The Washington Post

SUNDAY, MAY 4, 2003

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Inside: Book World, TV Week,
The Post Magazine, Comics
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\$1.50

Prices may vary in areas outside metropolitan
Washington. (See box on Page A2)

Weather

Today: Partly sunny. High
64. Low 46.
Monday: Partly sunny. High
64. Low 52.

Details, Page C14

126TH YEAR No. 150 M2 DM VA

BIG GREEN | Inside the Nature Conservancy

Nonprofit Land Bank Amasses Billions

Charity Builds Assets on Corporate Partnerships

First of three articles

By DAVID B. OTTAWAY
and JOE STEPHENS
Washington Post Staff Writers

The Arlington-based Nature Conservancy has blossomed into the world's richest environmental group, amassing \$3 billion in assets by pledging to save precious places. Known for its advertisements decorated with forests, streams and the soothing voice of actor Paul Newman, the 52-year-old charity preserves millions of acres across the nation.

Yet the Conservancy has logged forests, engineered a \$64 million deal paving the way for opulent houses on fragile grasslands and drilled for natural gas under the last breeding ground of an endangered bird species.



Conservancy President Steven J. McCormick runs the world's richest environmental organization.

The nonprofit Conservancy has traveled far beyond its humble beginnings, when it relied on small donors and acquired a few small plots at a time. Its governing board and advisory council now include executives and directors from one or more oil companies, chemical producers, auto manufacturers, mining concerns, log-

ging operations and coal-burning electric utilities.

Some of those corporations have paid millions in environmental fines. Last year, they and other corporations donated \$225 million to the Conservancy—an amount approaching that given by individuals.

Today, the million-member Conservancy itself is something of a corporate juggernaut, Big Green. It is also the leading proponent of a brand of environmentalism that promotes compromise between conservation and corporate America.

While the Conservancy has done much to preserve green spaces, its strategy of combining conservation and business, including its own pursuit of for-profit ventures, has led to some costly misadventures and awkward positions:



Sun shines on Arlington headquarters of the Conservancy, whose portfolio includes 2 million acres and some risky undertakings in recent years.

ward positions:

■ The drilling foray, on the Texas Gulf Coast, turned into a fiasco. Not only did some endangered birds die after the Conservancy

started drilling, but the charity also sold natural gas owned by someone else and kept the profits.

See BIG GREEN, A21, Col. 1

SARS Can Live on Common Surfaces

Key to Its Spread Lies in Quantity

By ROB STEIN
Washington Post Staff Writer

The SARS virus apparently can survive on common surfaces at room temperature for hours or even days, which could explain how people can catch the deadly lung infection without face-to-face contact with a sick person, scientists have found.

New laboratory studies, being released today, have produced the first scientific data on how long the SARS virus can live in various places and conditions, demonstrating for the first time that the microbe can linger outside an infected person's body.

One study showed the virus survived for at least 24 hours on a plastic surface at room temperature, which suggests it might be possible to become infected from touching a tabletop, doorknob or other object. Another found the microbe remained viable for as long as four days in human waste, a crucial finding that could clarify how the virus can spread through apartment buildings, hospitals and other facilities.

German scientists found a common detergent failed to kill the virus, indicating that some efforts to sterilize contaminated areas may be ineffective. An experiment conducted in Japan concluded that the virus could live for extended periods in the cold, suggesting it could survive the winter.

The long-awaited findings should be crucial for containing the epidemic, and they could solve one of the most important mysteries about the new disease: how the virus spreads without direct exposure to infected individuals.

"It's the first time we have hard data on the survival of the virus. Before, we were just speculating," Klaus Stohr, the World Health Orga-

See SARS, A25, Col. 1

■ SARS rate declining in area of origin. | Page A25

■ China out as Women's World Cup site. | Page E1

D.C. Patrol Staffing Falls Short

Some Areas Get Just One Officer

By DAVID A. FAHRENTHOLD,
CRAIG TIMBERG
and CLARENCE WILLIAMS
Washington Post Staff Writers

D.C. police routinely staff neighborhood patrols below their own minimum standards, with some areas having just one officer or none at all, according to a review of police records and interviews with city officials.

Of the department's 3,625 officers, only one in six were on community patrols in either of two recent 24-hour periods for which The Washington Post examined roll call sheets. That is the same ratio as in 1997, when a landmark consultant's study found that the department failed to deploy its workforce effectively.

The busy 7th District, in the southeastern corner of the city, averaged fewer than the citywide minimum of two officers in each of its 11 patrol areas, with several having just one officer the evening of April 19. On that Saturday shift, a homicide, a carjacking and two incidents of assault with a deadly weapon occurred.

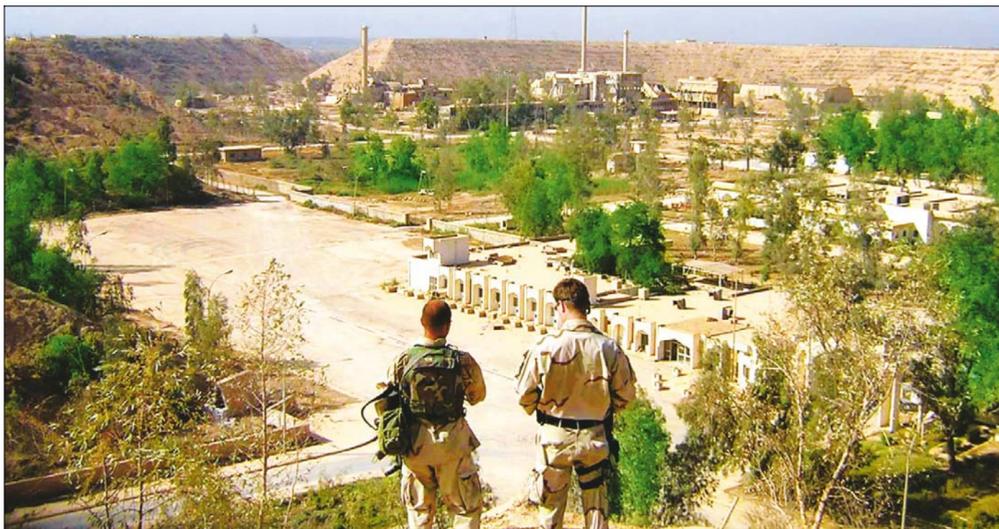
"It's outrageous," said D.C. Council member Kevin P. Chavous (D-Ward 7), who has attended police roll calls on a regular basis, "we may have as little as one or two officers actually show up."

D.C. Police Chief Charles H. Ramsey blamed the staff shortage on competing demands related to homeland security and chronic problems with officers on extended sick leave and limited duty.

"The point is, we've got a lot of responsibilities on this department, and all these are not just answering 911 calls," Ramsey said. "It's not people sitting behind desks."

The Post's analysis of roll call sheets covering April 15-16 and April 18-19 indicates that the problem is magnified by the department's longstanding inability to keep those assigned to the patrol areas on the job. If such problems continue, they would greatly lessen the impact of the 175

See PATROLS, A20, Col. 1



Navy Cmdr. David Beckett, right, and a Special Forces soldier whose name cannot be divulged look down on the Baghdad Nuclear Research Facility. The remnants of the Osirak reactor, bombed by Israel in 1981, are visible at top right as three stacks and a toppled cooling-pump station.

Iraqi Nuclear Site Is Found Looted

U.S. Team Unable to Determine Whether Deadly Materials Are Missing

By BARTON GELLMAN
Washington Post Staff Writer

NEAR KUT, Iraq, May 3—A specially trained Defense Department team, dispatched after a month of official indecision to survey a major Iraqi radioactive waste repository, today found the site heavily looted and said it was impossible to tell whether nuclear materials were missing.

The discovery at the Baghdad Nuclear Re-

search Facility was the second since the end of the war in which a known nuclear cache was plundered extensively enough that authorities could not rule out the possibility that deadly materials had been stolen. The survey, conducted by a U.S. Special Forces detachment and eight nuclear experts from a Pentagon office called the Direct Support Team, appeared to offer fresh evidence that the war has dispersed the country's most dangerous technologies beyond anyone's knowl-

edge or control.

In all, seven sites associated with Iraq's nuclear program have been visited by the Pentagon's "special nuclear programs" teams since the war ended last month. None was found to be intact, though it remains unclear what materials—if any—had been removed.

Enclosed by a sand berm four miles around and 160 feet high, the Baghdad Nuclear Re-

See NUCLEAR, A30, Col. 1

Brigade Seeks Top Honor for a Fallen Hero



Sgt. 1st Class Paul R. Smith, credited with saving many lives during a firefight at the Baghdad airport, has been nominated posthumously for the Medal of Honor.

By WILLIAM BRANIGAN
Washington Post Staff Writer

BAGHDAD—The battle erupted suddenly and without warning. One minute, Bravo Company of the 11th Engineer Battalion was trying to build a holding pen for war prisoners. The next, the unit was under fire from as many as 200 Special Republican Guard soldiers defending Saddam International Airport.

After helping evacuate wounded U.S. soldiers, Sgt. 1st Class Paul R. Smith jumped into an M-113 armored personnel carrier, maneuvered it into the center of a walled courtyard and climbed into the commander's hatch to man its .50-caliber machine gun. Under fire from automatic weapons and rocket-propelled grenades, his flak

jacket shredded by incoming rounds, Smith held off a counterattack until he was killed by a bullet to the throat.

Smith, 33, of Tampa, was credited with saving dozens of his fellow soldiers' lives in that April 4 battle. Among the most vulnerable were medics at a forward aid station and the staff of a command, both lightly armed units that were accompanying Smith's company of 3rd Infantry Division engineers. The division's 1st Brigade, to which the engineer battalion belongs, now seeks to honor Smith by putting him forward posthumously for the Medal of Honor, the nation's highest award for valor.

"His actions clearly warrant it," said Col. William F. Grimsley, the 1st Brigade com-

See SMITH, A28, Col. 1

INSIDE

Young Leaders' Heady Company

An "achievement summit" brings together students, Nobel Prize winners and other luminaries.

STYLE, Page D1

Mother's Day Project

Looking for something different for Mom this year? Plant her a pot full of herbs for tea.

SUNDAY SOURCE, Page M5



Prophet of Doom

How did Bob Graham, a mild-mannered senator from Florida, become the politician with perhaps the scariest message in Washington?

THE MAGAZINE

The Post on the Internet:
washingtonpost.com



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ISO Romance? Online Matchmakers Put Love to the Test

By ARIANA EUNJUNG CHA
Washington Post Staff Writer

SAN FRANCISCO—Courtney Johnson's job is to capture the formula for true love in a computer program.

Poring through relationship bibles such as "Why Marriages Succeed or Fail," "Seven Secrets of a Happy Marriage" and sundry science journals, the research director at Internet start-up Emoda hopes to dis-

cover questions that would shape happy unions.

She and her team of PhDs have created an online personality test that aims to measure a person's adventurousness, communications style, relationship role, temperament, romanticism, importance of wealth and need for independence. Those scores are entered into a computer and, based on a complex set of algorithms, a group of potentially compatible mates is se-

lected from a database of 1 million people. Users of the online matchmaking service are offered a list of these people along with their e-mail addresses and a chart denoting some of their personality characteristics.

"We are using creative ways to measure things about relationships that were typically off-limits," Johnson said. "Our goal is for you to go into the first date knowing much more than you would after three or four dates."

Online matchmaking services once were little more than search engines that allowed people to choose potential mates based on superficial characteristics such as looks, jobs, religion and other interests. Now some services are harnessing the computational power of computers to match people based on the research of psychologists and other relationship gurus as part of a grand

See DATE, A14, Col. 1

BIG GREEN | Inside the Nature Conservancy

The Nature Conservancy and Its Corporate Allies

The world's richest environmental group is governed, funded and advised in part by well-known corporations. Information on environmental issues comes from government agencies, court documents and advocacy groups.

	 AMERICAN ELECTRIC POWER CO. <i>Largest U.S. power generator</i>	 GENERAL MOTORS CORP. <i>World's largest auto manufacturer</i>	 GEORGIA-PACIFIC CORP. <i>Major U.S. paper products company</i>	 SOUTHERN CO. <i>Major U.S. power company</i>	 INTERNATIONAL PAPER CO. <i>Largest U.S. forest and wood products company</i>	 EXXON MOBIL CORP. <i>World's largest private oil company</i>	 BP CO. <i>Fourth-largest private oil company</i>	 CENTEX CORP. <i>Major home builder</i>	 DOW CHEMICAL CO. <i>Major chemical company</i>
Board Ties	<ul style="list-style-type: none"> ■ AEP president on Conservancy board. ■ Member Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ GM chairman on Conservancy board. ■ Member Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ GP chairman on Conservancy board. ■ Member Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ Former Southern CEO was on Conservancy board. ■ Affiliated company on Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ Member Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ Member Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ Member Conservancy Leadership Council. ■ Affiliated company president is trustee of Alaska Conservancy chapter. 	<ul style="list-style-type: none"> ■ Member Conservancy Leadership Council. 	<ul style="list-style-type: none"> ■ Member Conservancy Leadership Council. ■ Former chairman helped found Michigan Conservancy chapter.
Donations and Relationships	<ul style="list-style-type: none"> ■ Donated more than \$10 million. ■ Partner with Conservancy in project to generate greenhouse gas pollution credits by preserving Latin American forests. 	<ul style="list-style-type: none"> ■ Donated \$22 million. ■ Chairman headed \$1 billion fundraiser. ■ Partner with conservancy in greenhouse gas pollution credit program. 	<ul style="list-style-type: none"> ■ With foundation, pledged \$3 million donation. ■ Helps Conservancy manage logging on 21,000 acres. ■ With associates, sold Conservancy millions of dollars in land. 	<ul style="list-style-type: none"> ■ With subsidiaries, donated \$2.6 million. ■ Sponsored Conservancy's 50th anniversary celebration. ■ Conservancy president praised Southern for "commitment to environment." 	<ul style="list-style-type: none"> ■ Sold hundreds of thousands of acres to Conservancy. ■ Sits with Conservancy on panel certifying logging practices. 	<ul style="list-style-type: none"> ■ Donated \$5 million. ■ Donated land for Texas nature preserve. ■ Given Conservancy corporate leadership award. 	<ul style="list-style-type: none"> ■ Donated \$40 million Louisiana tract to nonprofit established with Conservancy. ■ Affiliated company is major donor to Alaska Conservancy. 	<ul style="list-style-type: none"> ■ Donated \$3 million. ■ Gave free Conservancy memberships to home buyers. ■ Given Texas Conservancy's Conservation Leadership Award. 	<ul style="list-style-type: none"> ■ Donated \$525,000. ■ Received Louisiana Conservancy Corporate Conservation Leadership award for creating a greenbelt in Plaquemine, La.
Environmental Issues	<ul style="list-style-type: none"> ■ Named top air polluter among U.S. power companies by Natural Resources Defense Council and other groups. ■ EPA suing for allegedly violating Clean Air Act. ■ Major coal burner. 	<ul style="list-style-type: none"> ■ GM vehicles emit tons of greenhouse gases. ■ Named "Global Warmer Number One" by Environmental Defense. ■ Liable for \$219 million in environmental investigation and cleanup costs. 	<ul style="list-style-type: none"> ■ Involved in cleanups at 170 Superfund sites. ■ Liability for Michigan PCB cleanup to GP and others could reach \$2.5 billion. ■ Paid \$6 million fine and agreed to spend \$26 million on plywood plant pollution control. ■ Affiliate paid \$10 million for Wisconsin pollution. 	<ul style="list-style-type: none"> ■ Ranked most polluting U.S. utility in 1999 study by Public Interest Research Group. ■ Study in 2002 by Natural Resources Defense Council and other groups ranked second biggest polluter. ■ EPA suing for allegedly violating clean air laws in four states. ■ Major coal burner. 	<ul style="list-style-type: none"> ■ Involved in Superfund cases, with \$57 million estimated liability. ■ Named largest U.S. timber industry polluter by Public Interest Research Group. ■ Paid \$72,000 to settle charges it destroyed spotted owl habitat. 	<ul style="list-style-type: none"> ■ Exxon Valdez tanker spilled 11 million gallons of crude oil in 1989. ■ Court assessed \$4 billion penalty. ■ New York state sought \$2 million for gas station leaks last year. 	<ul style="list-style-type: none"> ■ Subsidiary pleaded to felony and paid \$22 million for hazardous waste in Alaska. ■ Agreed to pay \$10 million for pollution violations elsewhere. ■ Controls largest oil operation on Alaska's North Slope. 	<ul style="list-style-type: none"> ■ Has built 400,000 homes and increasingly come under scrutiny by planning agencies and community groups opposed to "urban sprawl" development, according to Domini Social Investments. 	<ul style="list-style-type: none"> ■ Dow Plaquemine plant has provided information to criminal investigation into pollution. ■ Faces \$443 million liability for environmental remediation and restoration. ■ Owns Union Carbide Corp., whose Bhopal, India, plant was site of thousands of toxic gas deaths in 1984.

THE WASHINGTON POST

Group Promotes Compromise

BIG GREEN, From A1

The Conservancy and its partners settled a resulting lawsuit last year for \$10 million.

■ In Virginia, the Conservancy has invested in a number of for-profit businesses on the Eastern Shore: a bed-and-breakfast, an oyster-and-clam farm, an "heirloom" sweet-potato-chip operation, a seaside home development. The businesses failed, leaving a \$24 million debt.

■ The Conservancy has profited by selling its name and logo to companies, which use the image to gain what one corporate executive calls "reputational value." A Conservancy focus group study found that a few participants said accepting corporate cash in certain cases would be "the equivalent of a payoff."

■ The charity engages in numerous financial transactions with members of the Conservancy family—governing board members and their companies, state and regional trustees, longtime supporters. The nonprofit organization has bought land and services from board members' companies, and it has declined to release property appraisals from the deals. It has sold choice Conservancy land to past and present trustees through its "conservation buyers" program, which offers steep discounts in exchange for development restrictions. It has lent cash to its executives, including \$1.55 million to its president.

■ The Conservancy's mission makes it reluctant to take positions on some leading environmental issues, including global warming and drilling in Alaska's Arctic National Wildlife Refuge. Corporations represented on the Conservancy's board and advisory council have lobbied nationally on the corporate side of the issues. A Conservancy official said the group avoids criticizing the environmental records of its corporate board members.

■ Some of the charity's scientists have complained that the organization has drifted from its stated commitment to the "best available science." One scientist complained in an internal 2001 Conservancy study: "Science is not understood or supported by senior managers and state directors. [The] entire focus is on land deals." Said another: "I am not convinced [the Conservancy] is science-based, as we claim."

While Conservancy officials now acknowledge that the charity made mistakes in Texas and Virginia, they dismiss them as isolated incidents and stoutly defend their philosophy and initiatives as a pragmatic strategy for conservation in the 21st century.

Conservancy officials say their approach—which falls under a larger environmental philosophy known as "compatible development"—allows them to leverage corporate America's wealth to achieve conservation on a massive scale. Instead of insisting in every case on the pristine preservation of land, the charity practices the art of the possible, its officials said.

"There are trade-offs in conservation," Conservancy President Steven J. McCormick said in an interview. "We make a judgment that less than 100 percent is acceptable."

Along the way, the Conservancy hopes to entice companies into more environmentally friendly practices. Alliances with logging companies, for example,

have protected thousands of acres from development, even though logging on the land often continues, McCormick said.

"Some of our brethren say we're dealing with the devil, but I say quite the contrary," said Conservancy official Michael Horak. "Some of the deals we're making are quite extraordinary."

Today, the organization says it manages 7 million preserved acres through a variety of means and owns 2 million outright. Much of that land is held in 1,400 nature preserves, which it describes as the world's largest private sanctuary system.

In late 2000, the nonprofit purchased the Palmyra Atoll, 15,500 acres of coral reefs, islets and lagoons 1,000 miles south of Hawaii. Last year, Conservancy researchers on Borneo discovered a large number of orangutans, which the organization said increased the known population by 10 percent. Also that year, the Conservancy acquired the 100,000-acre Baca Ranch, the final step toward creating the Great Sand Dunes National Park in Colorado.

Supporters say that the organization's enormous wealth has enhanced its influence, within the environmental movement and with the government. Last year, the Conservancy received \$105 million in government consulting fees and other payments.

Respected naturalists praise the Conservancy's programs. Along with the chief executive officers, the Conservancy's board has included prominent scientists and academics. Even some critics acknowledge that global environmental health would suffer without the charity's resources devoted to land preservation. Still, some former high-ranking Conservancy officials believe the organization has grown too close to business.

"It was the wrong decision to get so close to industry," said David Morine, who headed the charity's land acquisition for 15 years and helped pioneer the group's corporate ties. "Business got in under the tent, and we are the ones who invited them in."

"These corporate executives are carnivorous. You bring them in, and they just take over."

Morine now says letting them in was "the biggest mistake in my life."

Becoming Big Green

The Nature Conservancy opened its doors in 1951 with a handful of staffers laboring out of a Washington office shared with another environmental group.

Early on, the Conservancy settled on buying land as its special niche in the environmental movement. In 1955, the conservancy chipped in to help buy 60 acres of river gorge in New York and Connecticut. That simple strategy—raising cash to buy raw land—became known within the group as "bucks and acres."

Environmentalism bloomed with the publication of Rachel Carson's "Silent Spring" in 1962 and the sixties' activism that would result in the first "Earth Day" in 1970. In those days of turmoil, the Conservancy grew slowly but steadily and kept to its quiet land-acquisition strategy.

In the 1980s, the Conservancy's non-confrontational approach paid off. The

See BIG GREEN, A22, Col. 2



BY MICHAEL WILLIAMSON—THE WASHINGTON POST

The nonprofit gave President Steven J. McCormick a \$1.55 million loan for this new house in a McLean subdivision.

\$420,000 a Year and No-Strings Fund

Conservancy Underreported President's Pay and Perks of Office

By JOE STEPHENS and DAVID B. OTTAWAY
Washington Post Staff Writers

Officials at the Nature Conservancy say their finances are an open book, a stance charity experts describe as essential to promoting public trust. Still, simple answers can prove difficult to get.

Questions about the compensation of Nature Conservancy President Steven J. McCormick and his access to a discretionary fund required prolonged discussions with Conservancy officials or brought conflicting or incomplete responses.

In February 2001, the Conservancy persuaded McCormick, a former longtime executive at the charity's California branch, to leave his San Francisco law practice and move to Virginia to run one of the nation's largest nonprofit organizations.

That fall, the Conservancy reported to the Better Business Bureau's charity-tracking service that McCormick's compensation was \$275,000, plus usual health and retirement benefits.

In November 2002 Conservancy communications director David Williamson sent The Washington Post a chart showing that some nonprofits paid their presidents more—from the Boy Scouts of America at \$308,000 to the American Red Cross at \$377,000. Williamson also disclosed that McCormick had received a \$75,000 down payment on a house.

After repeated inquiries over months, McCormick and other senior officials said that the Conservancy had underreported McCormick's compensation. In addition to his base salary, they said, McCormick also got a \$75,000 signing bonus, a \$75,000 yearly living allowance and a \$1.55 million home loan from the Conservancy.

McCormick ultimately provided information showing that his compensation and benefits for 2002 totaled about \$420,000.

He used the loan to buy a new \$1.7 million house in the Reston, an upscale subdivision in McLean.

Williamson initially said the Conservancy made the adjustable-rate home loan at 7 percent, which he described as the prevailing rate at the time. McCormick later said the rate was 6 percent. Real estate records showed it was 4.59 percent. McCormick apologized for providing inaccurate information. "We were wrong," he said.

A Jan. 17 memo to hundreds of Conservancy trustees informing them of the mortgage and The Post's inquiries described the rate as "above market." Mortgage specialists, however, said 4.59 percent appeared below market for such adjustable-rate loans last May. Keith Gumbinger, vice president of loan-monitoring company HSH Associates, described the terms as a "pretty good deal."

A Conservancy internal memo suggested that McCormick

would have had trouble securing outside financing because he already had a mortgage in California and "did not have the ability at that time to carry two loans." After confirming the Conservancy's loan, McCormick said he planned to immediately repay it with bank financing to avoid "scrutiny of the propriety of the loan." On Thursday, a Conservancy spokesman said McCormick had repaid the home loan.

"I don't want to do anything that jeopardizes the reputation of the Conservancy," McCormick said.

In an interview Thursday, Williamson said he will be leaving his job on Friday, after 12 years at the Conservancy, to pursue "other business opportunities."

Other Conservancy documents obtained by The Post revealed a pool of cash known as "the President's Discretionary Fund." Those funds, memos show, paid for ads in six major national markets featuring nature scenes and Paul Newman's voice.

Questioned about the fund, Conservancy officials were initially vague. They eventually supplied figures showing it had swelled from \$9.5 million in 1998 to \$23 million last year.

Williamson told The Post the fund had been abolished. McCormick said that the discretionary account, renamed the Quick Strike Fund, held \$3 million this fiscal year.

The documents identify the fund as the source of millions spent on marketing. Some of the fund's cash came from the sale of land considered ecologically insignificant, a memo shows.

The fund also paid for donor-tracking software, government relations programs, an Indonesian ecotourism project and unspecified "emergency needs" determined by McCormick, according to a written statement from the Conservancy in response to reporters' inquiries.

McCormick also used the fund last fall to dole out \$600,000 to losing participants in a United Nations environmental competition. In August, at a South African conference, he announced the Conservancy would give \$30,000 to each of competition's 20 runners-up. McCormick told The Post his announcement of the gifts was a spur-of-the-moment decision.

Public financial reports do not mention the discretionary account, but Conservancy officials said the funds are included in amounts reported in various categories. Conservancy finance director Craig T. Neyman described the account as money "in the budget without a corresponding use."

Told about the fund by a reporter, charity expert Daniel Kurtz called it "bizarre." Kurtz, a former New York charity regulator and author of guides for nonprofit managers, said such a large sum should be under direct board of directors' control.

"That," he said of the fund, "is a hell of a way to run a business."

Staff researcher Alice Crites contributed to this report.

BIG GREEN | Inside the Nature Conservancy

Doing Business With Backers

About This Series

The Washington Post began reporting for this series of articles on the Nature Conservancy in 2001. This was interrupted by the Sept. 11, 2001, terrorist attacks and war in Afghanistan, and again by the U.S. invasion of Iraq. Staff writers David B. Ottaway and Joe Stephens visited Conservancy operations and sites in Maine, Virginia, Wyoming, Massachusetts, Minnesota, New York and Texas. They interviewed Conservancy President Steven J. McCormick four times and spoke with scores of staff and senior officials at local, state and national levels. The reporters also conducted hundreds of interviews with former Conservancy employees, representatives of other environmental groups, federal environmental officials, academic and legal nonprofit specialists and tax experts inside and outside government. The Post obtained thousands of pages of internal documents and e-mail communications between Conservancy officials. A number of current employees, who asked to remain anonymous for fear of losing their jobs, were interviewed. The reporters also reviewed thousands of pages of documents obtained elsewhere, including court and property records in Kentucky, Massachusetts, New York, Virginia, Texas and Wyoming.

TODAY

Inside the Nature Conservancy

The Nature Conservancy of Arlington, the world's largest environmental nonprofit organization, promises to preserve precious places. It has a million members, 2 million acres and billions of dollars in assets. During the last two decades, the Conservancy has aligned closely with corporations. In addition to land conservation, it pursued drilling, logging and development. Its approach has led to strange bedfellows.

MONDAY

When Conservation and Business Fail to Mix

Mobil Oil gave the Nature Conservancy one of the group's largest corporate donations, a patch of prairie that encompassed the last native breeding ground of the most endangered bird in North America. The Conservancy wanted to turn the site into a national model of environmentally compatible drilling. But the results illustrate how the organization's philosophy and pursuit of profit can put its core mission at risk.

TUESDAY

A House in the Woods

Time and again, the Nature Conservancy has bought pristine land and resold it at a loss to a supporter. The sales, part of a program to limit development, allow "conservation buyers" to build houses on environmentally sensitive sites and take huge tax breaks. In those deals, "preserved" land can include a sprawling home with a swimming pool.

washingtonpost.com

Documents used in preparing this series, including Conservancy memos, marketing plans, science reports, property records, loan documents, land easements, tax returns and court files, will be posted daily at www.washingtonpost.com.

BIG GREEN, From A21

numbers tell the story. That decade, its revenue grew from \$58 million to \$222 million, and its staff surged from 77 to 933 employees.

In the 1990s, the age of the bubble economy and lavish corporate largess, astonishing growth occurred. Corporate donations mushroomed from \$1.8 million in 1993 to \$225 million last year. (The Washington Post Co. is a regular contributor, last year giving \$1,500.) By 2002, Conservancy revenue had reached \$972 million, more than 10 times the size of Sierra Club revenue.

Today, the Conservancy oversees 3,200 employees in 528 offices scattered across every state and 30 countries. The organization has many of the trappings of a Fortune 500 company: global reach, consumer focus groups, meetings with world leaders, sophisticated marketing and cost-benefit analysis applied to conservation. The group's "worldwide" headquarters is in an eight-story, \$28 million building in Arlington.

"I really believe that in the next century that the most influential institutions on the planet will be nongovernmental organizations," McCormick said in a speech at the Conservancy's 50th anniversary meeting in October 2001. "I believe the Nature Conservancy will set that pattern."

The Conservancy now boasts 1,900 corporate sponsors. Eastman Kodak Co. vice president Hays Bell recently described the Conservancy as a "natural choice" for partnerships because there was "no conflict potential." The Conference Board, a nonprofit that advises businesses, said in a report on partnerships with environmental groups that the Conservancy is especially popular with corporate executives because of its "dependability in joint ventures."

McCormick said: "By working with corporations, which control a lot of land, which are very influential, we think we make a big difference."

The Conservancy's relationships with Fortune 500 corporations have become institutionalized. Its unpaid 38-member Board of Governors has included past and present executives and directors of major industrial corporations: John F. Smith Jr., chairman of General Motors, the world's largest car manufacturer; E. Linn Draper Jr., chairman of American Electric Power Co., the nation's largest electricity producer; A. D. "Pete" Correll, chairman of Georgia-Pacific Corp., the country's second-biggest paper products business; and A.W. "Bill" Dahlberg, former chairman of Southern Co., another leading power producer.

Some of these companies face pressure from more confrontational environmental groups and from government regulators.

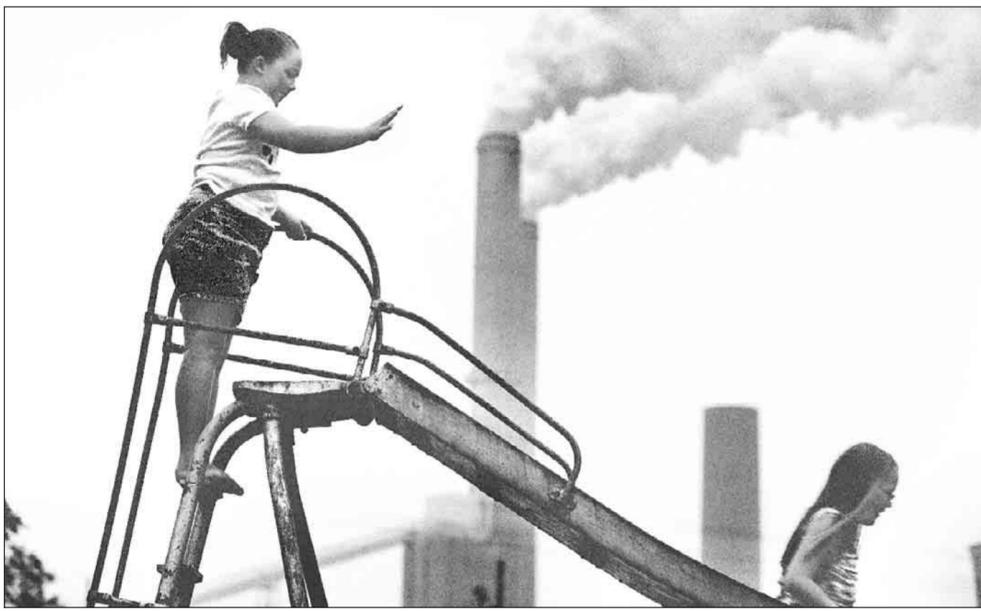
A recent study of utilities by the Natural Resources Defense Council and others named American Electric the largest U.S. air polluter. American Electric's operations in Cheshire, Ohio, have turned that quaint river town into a ghost. Sulfur dioxide emissions from one of the company's plants have at times enveloped Cheshire, prompting the utility to buy out most of the 221 residents, who agreed not to sue. A utility spokesman said the plant is clean, but its operations were encroaching on the community.

Elsewhere, the utility is fighting a lawsuit filed by the Environmental Protection Agency alleging Clean Air Act violations.

American Electric has joined the Conservancy in an \$11 million forest preservation initiative in Bolivia. If the concept were approved by federal regulators, the project one day would supply the company with "pollution credits." That would lessen its need to install costly emissions controls at its U.S. plants.

Opponents of the Conservancy's approach argue that corporations have seized control of the charity from within.

"The Conservancy brings in corporate board members who don't know much about conservation—or even care that much about it," said Huey Johnson, the former head of the Conservancy's western U.S. operations and a founder of the Trust



Children play in Cheshire, Ohio, a community marked by emissions from American Electric Power, a Nature Conservancy supporter.

BY MICHAEL WILLIAMSON—THE WASHINGTON POST

for Public Land. Two years ago, he won the United Nations' top environmental award.

The Conservancy offers corporations seats on its International Leadership Council for \$25,000 and up. Once there, executives can "meet individually with Nature Conservancy staff to discuss environmental issues of specific importance to the member company," Conservancy literature states.

Council members include Pacific Gas and Electric Co., which paid \$333 million to settle claims that its plants polluted water and caused cancer among nearby residents, a legal battle dramatized in the film "Erin Brockovich."

Another member is Dow Chemical Co., owner of Union Carbide. Last year, the Conservancy's Louisiana chapter gave Dow its conservation leadership award for expanding a greenbelt bird sanctuary around its plant in Plaquemine, La. The plant also has drawn the attention of a grand jury investigating vinyl chloride contamination of area water, Dow officials recently confirmed.

Avoiding Controversy

Sometimes, the Conservancy's nonconfrontational approach puts it on the sidelines of the major environmental issues of the day.

In Alaska, the Conservancy has stood silent as environmentalists battle proposed oil drilling in the Arctic National Wildlife Refuge. The decision to skirt the fight followed intense debate in 2001 by the Conservancy's board, which yielded in the end to the wishes of its Texas and Alaska chapters, senior Conservancy officials said.

Two major oil companies that support the Alaska drilling—BP and Exxon Mobil—hold Conservancy leadership council seats. Exxon Mobil has donated \$5 million to the Conservancy. Another supporter of drilling, Phillips Alaska Inc., has given at least \$1 million, records show.

McCormick defended the Conservancy's refusal to choose sides between what he called "ideological factions" in the Alaska debate. He described the issue as "not an argument for the Nature Conservancy." Getting involved, he said, could "completely drain our credibility." He concluded: "It's more courageous to stay on principle and get conservation through some concessions from those who use the land."

The Conservancy also has been among the last environmental groups to recognize global warming and the need to reduce greenhouse gas emissions. Two of the Conservancy's strongest corporate supporters, Exxon Mobil and GM, have opposed stiff emission-cutting efforts.

Exxon Mobil for years led the Global Climate Coalition, an industry group that debunked global warming. Exxon Mobil has long been a leading lobbyist against the Kyoto accord to reduce emissions.

One environmental group, Environmental Defense, has dubbed GM "Global Warmer Number One" because its vehicles are a major source of carbon-dioxide emissions. GM Chairman Smith headed the Conser-

vancy's \$1 billion fundraising campaign, and over the past decade the company has given the Conservancy cash and vehicles worth \$22 million.

"Twenty-two million dollars is going to go a long way to help preserve biodiversity," said Terry Pritchett, GM's director of global climate issues.

McCormick finally took up the global warming issue in the Conservancy's bimonthly magazine in the fall of 2001.

"Typically, the Conservancy has avoided the political debate over global warming," McCormick wrote. "But we haven't buried our institutional head in the sand."

He said that climate change was "real," and the Conservancy needed to figure out how to confront it "with a cool temper and a vigilant eye for solutions."

Last year, the Conservancy launched an initiative adopting the approach that would supply corporations with pollution credits. GM contributed \$10 million to the plan.

Greenwashing

Scientists rate the conversion of land to human habitat—urban sprawl—as Earth's greatest menace. "Sprawl is without a doubt the most pervasive threat," an unidentified Conservancy scientist wrote in response to a survey in 2001, obtained by The Post. "Failure to recognize and address this threat on all levels, not just buying land, will result in a mission-critical policy failure."

Despite such assessments, the Conservancy has forged a close partnership with Centex Corp., one of the nation's largest residential construction firms. Centex and its subsidiaries have built almost 400,000 houses, many at 28 sites ringing the District of Columbia.

Centex and its divisions have given and pledged \$3 million to the Conservancy. Centex sits on the Conservancy's leadership council, and the chairman of Centex Homes served on a Conservancy advisory board. Two years ago, a Conservancy chapter in Texas gave Centex Homes its Conservation Leadership Award for "corporations that have shown leadership in and dedication to conserving natural resources."

Centex also has helped the Conservancy retain its claim of having 1 million members. The charity handed out more than 40,000 free memberships to Centex employees and customers, a November 2001 Conservancy memo said. Other corporations, including Enron, also have given away memberships.

Although its advertisements feature photographs of dense forests, the Conservancy is allied with two of the nation's biggest tree consumers, Georgia-Pacific Corp. and International Paper Co.

The Conservancy defends its partnerships with loggers by arguing that it has persuaded them to adopt more conservation-friendly methods—reduced clear-cutting, fewer access roads and wider buffer zones along rivers and streams. The Conservancy says it has also made loggers more sensitive to endangered species, such as the red cockaded woodpecker. Company

spokespersons agree.

The Dogwood Alliance, a coalition of 70 grass-roots environmental groups, says the change in methods is superficial and the damage remains considerable. Further, the partnership gives loggers a public relations boost from "greenwashing," Dogwood and other environmental groups charge.

Georgia-Pacific and International Paper have used the Conservancy "to pull the wool over the public's eyes," said Trevor Fitzgibbon, Dogwood's former spokesman. "It makes it seem they are doing great things for the environment when what they're doing is destroying the South's natural heritage."

For nearly a decade, the Conservancy helped Georgia-Pacific manage environmental risks arising from its logging along North Carolina's Lower Roanoke River.

"It has absolutely changed GP's image," said Georgia-Pacific Chairman Correll, a Conservancy board member.

For its part, Georgia-Pacific has been generous to the Conservancy, donating \$3 million in 2000 alone.

International Paper is on the Conservancy's leadership council. In 1998, the company sold 185,000 acres of Maine forest to the Conservancy for \$35 million. The Conservancy then contracted with a Maine company to log 136,000 acres of the land to help offset costs.

McCormick sits with International Paper on the American Forest and Paper Association's Sustainable Forestry Board, a panel set up by the industry to certify that loggers are being eco-friendly.

Such ties create a "commonality of interest" between the Conservancy and International Paper, said Tom Jorling, a company vice president. "This enables us to get more legitimacy because the Conservancy has the kind of reputation it does."

Board Conflicts

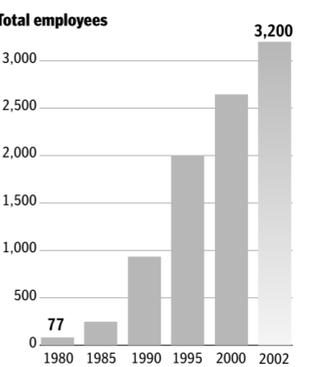
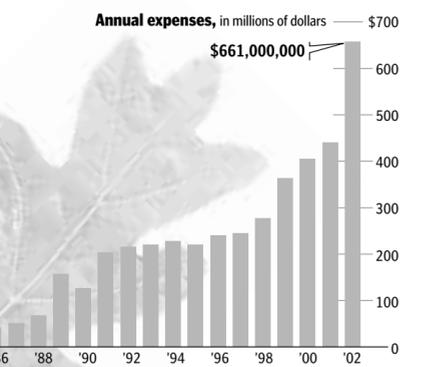
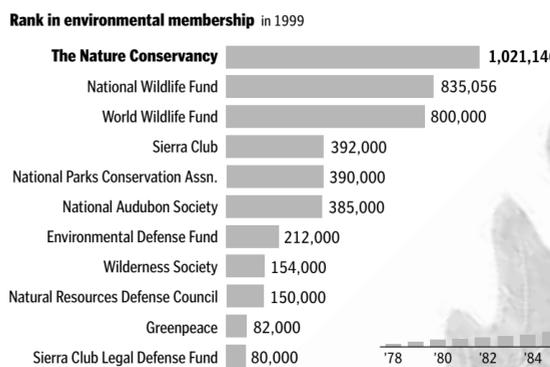
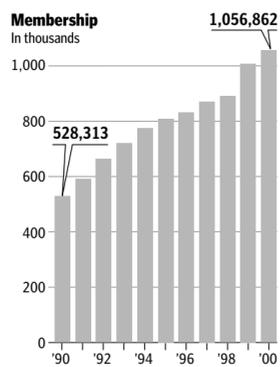
The Internal Revenue Service requires charities to disclose all business deals they do with board members or their corporations. At the Conservancy, the list of such conflicts of interest is long.

Millions have gone toward property deals with such companies, including \$7.88 million in transactions with Georgia-Pacific. In 1999, the Conservancy paid a Georgia-Pacific subsidiary \$380,000 for 1,100 acres in Maine. In 2000, the Conservancy paid \$7.5 million to the same subsidiary for 9,500 acres in Louisiana, much of it stripped of trees by clear-cutting, Conservancy documents show. The charity got a \$1 million discount, according to an internal document.

Conservancy officials said the land purchases were guided by "the best available science" and based on an independent appraisal and scientific review, which they declined to make public. They said Correll refused himself from voting on the purchases.

The Conservancy's business with board members and their companies also extends to purchases of products, legal assistance and even development rights.

The Nature Conservancy's Expanding Universe of People, Expenses . . .



1950: 1951: The Nature Conservancy incorporates in Washington, DC. Shares office with the Wilderness Society. 1953: Membership tops 1,000. 1955: First land acquisition, 60 acres along Mianus River Gorge in New York State. 1958: Membership hits 3,000. 1960: 1961: The Nature Conservancy reaches milestone of 10,000 acres of protected land. 1966: Hires first full-time president, Charles H.W. Foster. 1967: Buys land in Mason Neck, Va., then resells it to the federal government in the first purchase of its size and type for the Conservancy. 1970: 1968: Ford Foundation provides \$6 million credit to finance purchase of land for later sale to the U.S. government. 1974: Adopts plan to become America's preeminent conservation group.

SOURCE: The Nature Conservancy

BY LAURA STANTON—THE WASHINGTON POST