

TRU\$T U\$

THE NATURE CONSERVANCY:
MONEY, POWER, RESPECTABILITY
AND A FEW DIRTY TRICKS

HOW THE RICHEST
LAND TRUST IN AMERICA
GETS ITS WEALTH,
DESTROYS SMALL PROPERTY OWNERS,
AND HIDES ITS MONEY

A REPORT BY
THE CENTER FOR THE DEFENSE OF FREE ENTERPRISE

The Problem of The Nature Conservancy

THE NATURE CONSERVANCY IS BY FAR THE RICHEST ENVIRONMENTAL GROUP IN THE UNITED STATES.

ITS YEAR 2000 REVENUE WAS OVER THREE-QUARTERS OF A BILLION DOLLARS - \$731,893,471.

ITS YEAR 2000 NET ASSETS WERE APPROACHING THREE BILLION DOLLARS - \$2,670,120,790.

IT GAVE GRANTS TO OTHER GROUPS OF \$36,443,496 - AND DID NOT PROVIDE A REQUIRED LIST OF WHO GOT THE MONEY. OVER \$36 MILLION TAX-EXEMPT DOLLARS VANISHED INTO SECRECY.

TNC, AS IT ABBREVIATES ITSELF, ENJOYS A HIGH REPUTATION FOR GOOD WORKS.

YET TNC DOES BAD THINGS.

TNC WAS ACCUSED IN AN INDIANA COURT OF USING UNDUE INFLUENCE OVER AN ELDERLY DOCTOR IN FAILING MENTAL CONDITION TO GAIN POSSESSION OF HIS FARM AND OTHER ASSETS. WHEN THE JURY FOUND AGAINST TNC AND MADE THEM GIVE BACK THE LAND TO ITS RIGHTFUL HEIRS, TNC'S GREEDY LEADERS APPEALED THE VERDICT. THE APPEALS COURT RULED AGAINST TNC. TNC LOST IN COURT IN A CASE OF UNDUE INFLUENCE OVER AN ELDERLY VICTIM.

IS THIS THE BEHAVIOR YOU THINK OF WHEN SOMEONE MENTIONS THE NATURE CONSERVANCY?

IS THIS THE BEHAVIOR OF A GROUP THAT DESERVES A FEDERAL TAX EXEMPTION?

TNC IS SNEAKY AND CAN'T BE TRUSTED TO BE OPEN. IT PROVED ITSELF TO BE DEVIOS IN A NEBRASKA CAMPAIGN TO STOP CONSTRUCTION OF A FARM IRRIGATION DAM ON THE NIOBRARA RIVER. ITS OWN DOCUMENTS TELL HOW THEY SECRETLY MANIPULATED OTHER ORGANIZATIONS AND POLITICS TO STOP THE DAM. THIS IS THE STORY IN THE NATURE CONSERVANCY'S OWN WORDS: "WE HAD A PERSONAL RELATIONSHIP OF TRUST WITH ONE MEMBER OF EACH ORGANIZATION WHO CONTROLLED THAT ORGANIZATION. WE THEN SENT MONEY TO EACH ORGANIZATION TO ASSIST THEM IN CARRYING OUT THE STRATEGY. NO ONE BUT TNC KNEW THE ENTIRE STRATEGY. IN NEBRASKA, TNC WAS ALWAYS BEHIND THE SCENES. WE NEVER MADE PUBLIC STATEMENTS. EVERYTHING WAS DONE THROUGH SURROGATES WHO WERE CREDIBLE IN THEIR OWN RIGHT."

IS THIS THE BEHAVIOR YOU THINK OF WHEN SOMEONE MENTIONS THE NATURE CONSERVANCY?

IS THIS THE BEHAVIOR OF A GROUP THAT DESERVES A FEDERAL TAX EXEMPTION?

HOW CAN ANYONE THINK OF THE NATURE CONSERVANCY AS ANYTHING BUT A CONTROVERSIAL ORGANIZATION WITH SECRET GOALS, UNETHICAL TACTICS AND TOTAL DISREGARD FOR OTHERS?

TRU\$T U\$: Contents

Introduction	2
Contents	3
The Nature Conservancy	4
TNC's Board of Governors: Rich, Connected	5
TNC's Board of Governors: Corporate Elite	6
TNC's Leaders: Powerful	7
Government Insider Influence	8
TNC's Hideous Greed	8
TNC's Bully-Boy Arrogance: Al Pyott	10
TRU\$T Me, Baby	11
You Can't TRU\$T TNC	12
Land Trust Reporting, Form 990, Line 1 and Line 22	14

THE NATURE CONSERVANCY

800-POUND GORILLAS

The Nature Conservancy is by far the richest environmental group in terms of assets and income stream, with 1997 total revenues of \$421,353,191 and assets of \$1,484,494,203.^{159a}

TNC, as it likes to abbreviate itself, also has a squeaky clean reputation for being “science driven, non-confrontational and businesslike,” in the words of Daniel R. Efroymson, former Chair of TNC’s Board of Governors. It calls itself “Nature’s real estate agent.”

TNC operates the world’s largest private nature preserve system, 1,340 preserves under Conservancy management consisting of 1,177,000 acres the Conservancy owns or has under conservation easement. TNC’s membership stands at 900,000. It has protected 10.5 million acres in the U.S. since its incorporation in 1953.^{159b}

Millions of people reading upscale magazines have seen TNC’s wonderful print ad picturing an eagle soaring above a majestic landscape with the great outline, “We have friends in high places.”

Certainly such a popular and non-controversial organization can’t be grant driven, can it?

Well, yes and no.

Yes, in the sense that in 1996 it received a whopping \$203,886,056, or “60 percent of its annual revenue from grants awarded by foundations, businesses, and individuals.”^{159c}

No, in the sense that The Nature Conservancy itself *gives* so many grants “to partner organizations” and has so many foundation and corporate moguls on its Board of Governors that it constitutes a consolidated power center rivaling even the archetypal Environmental Grantmakers Association.

1996 FOUNDATION GRANTS RECEIVED BY THE NATURE CONSERVANCY	
\$1,159,765 Environmental Federation of America	\$61,500 Compton Foundation
\$610,000 David and Lucille Packard Foundation	\$57,500 George Gund Foundation
\$575,000 John D. and Catherine T. MacArthur Foundation	\$54,000 Richard and Rhoda Goldman Fund
\$450,000 Mary Flagler Cary Charitable Trust	\$50,000 Heinz Family Foundation
\$150,000 Wallace Alexander Gerbode Foundation	\$35,000 General Service Foundation
\$126,000 Charles Stewart Mott Foundation	\$25,525 Fanwood Foundation
\$93,000 San Francisco Foundation	\$15,000 Weeden Foundation
	\$15,000 New-Land Foundation
	\$2,500 Morningstar Foundation
	\$1,500 Tides Foundation
	\$1,000 Hauser Foundation

It is difficult for the ordinary person to grasp the power, wealth, and connections controlled by the Nature Conservancy elite. The thirty-two members of TNC’s Board of Governors, plus the late John Sawhill, President and Chief Executive Officer, include at least seven foundation officers (chart above) and at least nine corporate officers (opposite), current or former. Retired or former corporate and foundation officials do not entirely lose their influence, and in fact may gain through board positions such as the popular Nature Conservancy. The public policy influenced by this small group of people touches millions of lives every day, but few are aware.

TNC's Board of Governors: Rich, Connected

Let's say you'd like to be one of TNC's directors, or "governors," as they call them. If you don't come equipped with a pile of money and/or powerful connections, forget about it. You won't be welcome.

The mucky-muck bunch in TNC is both rich and connected.

Some are so connected that it might appear to the uninitiated like conflicts of interest.

Why would anybody think that?

Well, some of TNC's governors have links to businesses that benefit from Nature Conservancy land purchases and land sales.

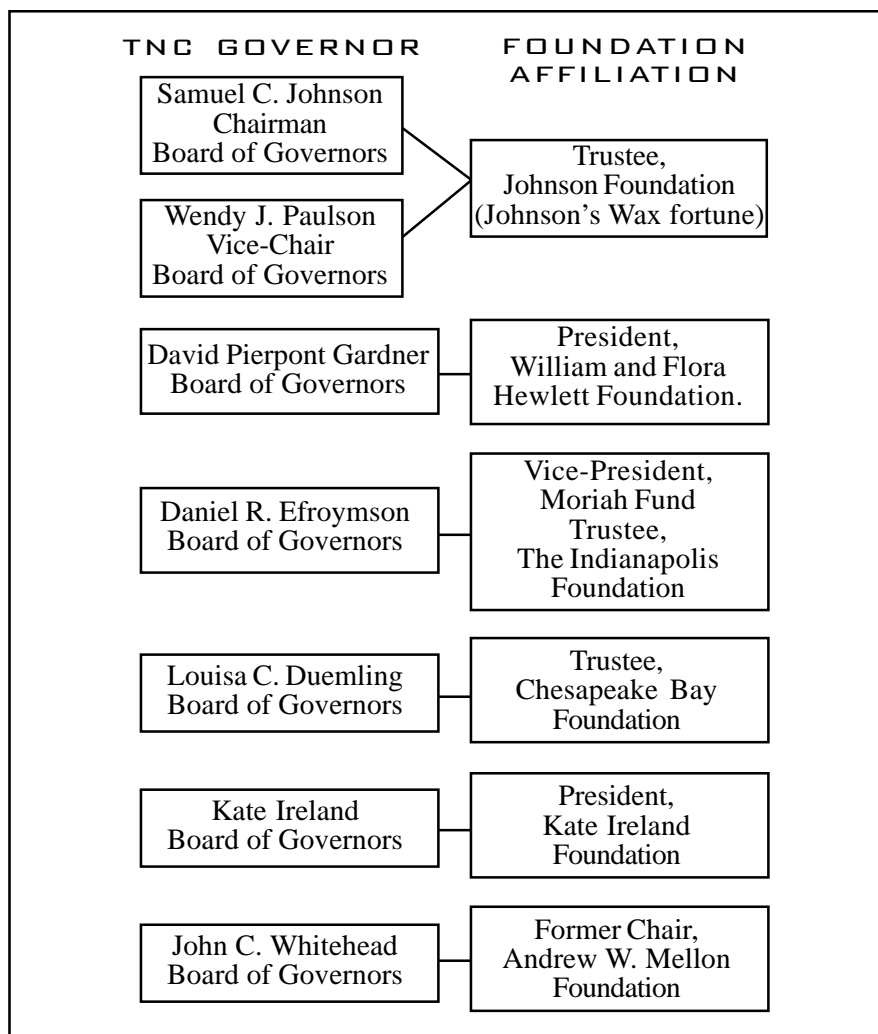
And some are so rich they have their own philanthropic foundation.

Like Sam Johnson, TNC's Chairman of the Board of Governors. He's trustee of the Johnson Foundation, and the money for that philanthropy came from Johnson's Wax.

Study the chart of TNC's governors below.

See if any of them are your friends or neighbors.

Probably not.



1999 INTERLOCKING NATURE CONSERVANCY -
FOUNDATION AFFILIATIONS

TNC's Board of Governors: Corporate Elite

TNC GOVERNOR	CORPORATE AFFILIATION
Carter Bales Board of Governors	Director, McKinsey & Company (International Consultants)
David C. Cole Board of Governors	Managing partner: Pan Pacific Ventures; Catalyst II. Director: Shiva Corporation; Daily Wellness Company. Former chairman, president and chief executive officer: Navisoft, Inc. Former president: AOL Internet Services; AOL New Enterprises.
Ian Cumming Board of Governors	Chairman, Leucadia National Corporation; Director, SkyWest Airlines.
I. Lamond Godwin Board of Governors	Chair and chief executive officer: Peachtree Asset Management Division of Smith Barney Inc. Managing director: Smith Barney Inc.
John W. Hanes, Jr., Board of Governors	Retired board of directors: Olin Corporation; Squibb Corporation. Former partner: Wertheim and Company.
Richard Heckert Board of Governors	Former Chairman, DuPont; former Chairman, National Association of Manufacturers
John Seidl Board of Governors	Former President, MAXXAM
John C. Whitehead Board of Governors	Chairman, AEA Investors; Former co-chair and senior partner: Goldman Sachs.
Ward W. Woods Board of Governors	Director: Bessemer Trust Company; Boise Cascade Corporation; Freeport-McMoRan, Inc.

1999 INTERLOCKING NATURE CONSERVANCY -
CORPORATE AFFILIATIONS

TNC's Leaders: Powerful

The late John C. Sawhill, who was the previous President and chief executive officer of The Nature Conservancy (\$203,723 salary, 1998) was a walking influence center by himself. He was president emeritus of New York University, chair of the H. John Heinz, III, Center for Science, Economics, and the Environment, and chair of the Electric Power Research Institute Advisory Council. He was a member of the President's Council on Sustainable Development and the Commission on the Future of the Smithsonian Institution, a board member of Environment for the Americas, the Whitehead Institute for Biomedical Research, and the Center for Strategic and International Studies (CSIS). He was a former partner of McKinsey & Company, Inc. and a former U.S. Deputy Secretary of Energy.

Sawhill's unpaid position with the Heinz Center indicated that he was one of Teresa Heinz's favorite people. It was her \$20 million grant that created the Center, recall. And she gives generously to TNC.

Money Money Money

TNC has 274 employees and officers who are paid over \$50,000 a year each. In 1996, TNC paid 50 firms or individuals over \$50,000 for consulting, fundraising, legal counsel and other professional services. TNC paid out \$15,792,253 in grants to partner organizations.

TNC is not only Nature's real estate agent, it's not doing bad as Nature's securities investor, either: in 1996 it received \$26,886,460, or 8% of its total income, from capital gains on the sale of securities. TNC also got \$12,235,056, or 4%, from dividends and interest on securities. What exactly all this securities trading has to do with saving nature is open to question, since TNC's investment portfolio is standard rich folks stuff with a lot of common and preferred stock in "capitalist, polluting, toxic, desecrating, bad-nasty corporations," mixed with mutual funds, bonds and U.S. government obligations totaling \$434 million in 1996.

Then there's the real estate. TNC say it owns or has under conservation easement 1,177,000 acres in its private preserve system. Good. TNC also says it has protected 10.5 million acres in the United States. Good. If they own only 1.17 million of that 10.5 million, what happened to the other 9.3 million acres?

They sold a lot of it to the government.

Whoa.

The Nature Conservancy bought private land from private owners who thought it would remain in private hands and *sold it to the government?*

Yep.

Isn't that illegal?

Nope.

The government asks them to do it some of the time.

A letter from the Deputy Regional Director of the U.S. Fish and Wildlife Service (USFWS) to the Nature Conservancy dated August 30, 1985, reveals a long-standing government agreement for TNC to buy private land: "We are appreciative of The Nature Conservancy's continuing effort to assist the Service in the acquisition of lands for the Connecticut Coastal National Wildlife Refuge."

In this and numerous other letters, the government clearly agrees to pay TNC "in excess of the approved appraisal value."

Government Insider Influence

Similar agreements for the federal government to buy TNC property at top-dollar prices exist all over the nation.

One federal officer who conducted such excess-cost purchases, Robert Miller, a chief of the realty division of the USFWS, was later hired by TNC at a high salary.

The Nature Conservancy is a conduit for the nationalization of private property. Nearly ten million acres so far.

Is it still going on?

According to figures available in 1996, TNC received \$37,853,205, or 11% of its total income, from sale of private land to federal, state, and local governments for use as parks, recreational areas, and nature preserves. Such land goes off the local tax rolls.

On top of that, The Nature Conservancy gets government grants and contracts worth millions each year. Green welfare. In 1996 they got \$33,297,707, or 10% of their total income, from government contracts.

So Nature's real estate agent, which asks you to join up for 25, 35 or 50 bucks, was already in your taxpaying pockets to the tune of \$71,150,912 in 1996.

TNC is a public charity, according to the IRS. Why doesn't TNC *give* the land to the government? What, and miss 37 million bucks?

Maybe TNC is a little greedy, and maybe not very "science driven," but those quiet land deals are more or less "non-confrontational and businesslike," as board member Efroymsen claimed. Two out of three's not bad.

TNC's Hideous Greed: The Gibbs Case

Then there's the case of the Moraine Nature Preserve in Indiana. It's also known as Gibbs v. The Nature Conservancy, Case H92-0371, Federal District Court for the State of Indiana, Northern District.

TNC helped create Indiana's Moraine Nature Preserve and wanted to enlarge it. They particularly wanted to enlarge it with the 135-acre farm of Professor Frederic A. Gibbs, M.D., now deceased. According to court papers, TNC also wanted to increase their income with Dr. Gibbs' entire estate.

Professor Frederic A. Gibbs, M.D. was a world famous neurologist. He and his wife, Erna, pioneered the field of electroencephalography (EEG) and in 1951 they received the coveted Lasker Award in Medicine for their work.

Their son, Dr. Erich Gibbs, said: "After my mother died of cancer in 1987, Dad's health declined sharply. He transferred responsibility for his affairs to my brother and me."

Both sons are also medical researchers.

"In his waning years, my father became legally blind, physically frail, and increasingly confused. By the time he was 84, he could not read, even with powerful magnification. As his Alzheimer's-like condition worsened, he became increasingly irascible, hating to be supervised. Caring for him became more and more difficult.

"Toward the end, the only place that he seemed reasonably at peace was on the Gibbs family farm in the northwest corner of Indiana, very close to Valparaiso. Here, with the help of dear friends, we carefully choreographed round-the-clock care so as to avoid fueling his paranoia about being supervised.

“During the summer of 1991, a neighbor accidentally wounded himself in the side with a shotgun and struggled to Fred’s home. While the frantic caregivers called for emergency response and rendered first aid, this great physician, who had more than once in his career tended an injured person in circumstances of great personal risk, just wandered around the yard unconcerned, unable to grasp the significance of the situation.

“Things went as well as could be expected until The Nature Conservancy and local TNC supporters barged onto the scene.

“Behaving as friends and loved ones, this group offered to take Fred for outings and to participate in his care. In point of fact, they charged expensive lunches to his credit cards; secretly rifled through all the private papers in his home; took him to meet with attorneys; and turned him against his family.

“They wanted the Gibbs farm and Fred’s estate, which they imagined to be worth millions, in order to expand their pet project, the Moraine Nature Preserve. This ‘preserve’ is hardly pristine. It is adjacent to what is perhaps the most notorious landfill in Indiana. And almost all of the land that has been acquired for the preserve has, like the Gibbs farm, been completely plowed and grazed during the past century.

“When the plot surfaced, TNC believed it had already acquired critical documents that would turn over Fred’s estate and the farm to TNC upon his death. Supposedly he had carefully read, fully understood, and signed a new will that would leave virtually everything to TNC and nothing to his family.

“The Gibbs family, accompanied by legal counsel, met with TNC attorneys to explain that TNC had all its facts wrong—Fred had not been competent for years; had actively campaigned against TNC when he was vigorous, was not wealthy (having donated large sums to medical research); and had no control over his estate, which included only a partial interest in the family farm. We had what we perceived to be overwhelming medical and legal documentation, which included affidavits from scores of Fred’s esteemed medical colleagues. This information was offered to the highest levels of TNC management. TNC’s response was to ignore the evidence and accuse the family of having defrauded Fred and thereby TNC, as the beneficiary of Fred’s estate.

“There was nothing the family could legally do to deny TNC and their supporters access to him. At one point, TNC supporters put Fred on a commercial jet, unaccompanied, so he could attend the annual meeting of one of the societies he had founded. He collapsed on arrival, disoriented, hallucinating and his heart unstable. He had to be hospitalized in a strange location. When he was sufficiently stable to fly in the company of a physician, he was transferred back to the Chicago area for further hospitalization, which included surgery.

“Shortly afterwards, TNC supporters sneaked Fred out of the nursing home where he was recuperating, and had him meet with one of the lawyers in their group. TNC and its supporters turned the last years of Fred’s life into a torment. We will never forget him weeping in one of his more lucid moments and trying to ask our forgiveness for having fouled up in some way that he could not understand.

“After Fred passed away in 1992, the family sued TNC in Federal Court. From our point of view, the case was open and shut. We were convinced TNC would not have the audacity to go to court and risk a directed judgement. We were naive.

“The first few law firms that we retained withered under TNC pressure and abandoned us in the midst of critical proceedings. Fortunately we finally obtained extremely capable and courageous representation.

“At trial, TNC presented witnesses to testify that Fred read the newspaper every day and that he was actively involved in doing research. They even presented a nationally recognized medical ethicist, who testified that individuals can make rational decisions about the disposition of their estates, though they might be incapable of making rational decisions regarding their daily affairs.

“TNC might actually have won this case, were it not for the fact that the secretary for an attorney on the TNC side turned over the attorney’s phone log to the Gibbs family. This phone log proved to be the missing link that tied everything together.

“When the messages were enlarged on huge posters for the jury to see, the effect was dramatic. There were messages stating that Fred could not be convinced to sign TNC’s documents and asking the attorney what to do next. There was a message that Fred’s Alaska State bonds were coming due and asking if the caller should get a safe deposit box in which to put the papers.

“It became so absurd that the jury began to laugh as the attorney repeatedly said during cross-examination that he could not recall the significance of his own messages, one message after another.

“On October 27, 1993, the jury found that undue influence had indeed been exercised over Dr. Frederic Gibbs. TNC was ordered to pay court costs and relinquish any claim on his estate.

“Without missing a beat, TNC attorneys filed a motion to set the jury verdict aside and asked for a retrial. When that was denied, TNC filed an appeal to the Seventh Circuit Court of Appeals. They lost the appeal.”

The sad postscript to this horrifying story is that the Gibbs family could not recover its staggering half-million-dollars in legal fees and other trial-related costs and losses. In order to cover these expenses, the Gibbs farm was sold.

TNC’s Bully-BoyArrogance

Another story of land grabbing:

In 1993 TNC tried to bully a German professor, Dr. Dieter Kuhn, into selling some land he owned in rural Illinois. Al Pyott, Illinois director of TNC, threatened Dr. Kuhn that if he did not cooperate in the creation of Cypress Creek National Wildlife Refuge, his land would be taken by force of condemnation through Pyott’s influence with the U.S. Fish & Wildlife Service, which was listed in the local phone book *in the same entry* with TNC. Pyott wrote:

The Nature Conservancy has, starting in 1987, made numerous efforts to contact you by letter, by phone, and through your agent, Mr. Clay, in an effort to discuss some basis for the acquisition of your property in Pulaski County.

If your land is not acquired through voluntary negotiation, we will recommend its acquisition through condemnation.

TNC head John Sawhill had to write a letter of apology to Dr. Kuhn.

Sawhill may have been prompted to apologize by Congressman Glenn Poshard (D-IL), who told TNC that if they continued their campaign of threats and bullying land owners, he would withdraw support for future refuge acquisition funding.

Such clashes led to a 1994 General Accounting Office report titled, “Land Acquisitions Involving Nonprofit Conservation Organizations.” It had been requested by Congress in the wake of a May 1992 Interior Department Inspector General Report on problems with these types of acquisitions, including undue benefits in financial gains.

The GAO tried to determine the actual profits made by nonprofit groups selling private land to the federal government, but could not. Two groups, the Trust for Public Land and the River Network refused to provide Congress with their financial information “because of contractual obligations concerning confidentiality.” Others used bookkeeping methods that made each transaction look like a loss (compared to an imaginary “market value” on land for which there was no market).

The Nature Conservancy was found to have sold one property to the Forest Service for over \$1 million that had been donated to it. The profit on this parcel, after expenses, was calculated at \$877,000.

Stung, The Nature Conservancy responded to this controversy by declaring that it would in the future donate lands to the government that had been donated to it, but said this would “pressure them into fund raising.”

Overall, TNC said its bookkeeping methods showed it took a net loss on the private property it sold to the federal government. TNC did not calculate the loss to county and school district tax rolls as part of the social costs of its transactions.

Maybe TNC is not very “science driven” and “non-confrontational” when it comes to land and money, but they’re certainly “businesslike,” as board member Efroymsen claimed. One out of three’s not totally bad.

Okay, so TNC has its hand in the taxpayer’s till and plays hardball in court and claims to have government bully boys backing up threats to condemn some property. But they wouldn’t violate that “businesslike” ethic of theirs by playing dirty politics in lobbying, would they?

TRU\$T Me, Baby

The following entry in TNC’s internal Bioreserve Handbook describes the Norden Dam farmland irrigation proposal on the Niobrara River in Nebraska back in the early 1980s. The TNC description below was written in 1991 by John Flicker, then-vice president, to describe how TNC defeated the project: We developed three theaters of action:

1. All “swing” Members of the House

In a typical water project vote, about 1/3 of the House will always vote no, about 1/3 will always vote yes, and about 1/3 are swing votes. Using a Sierra Club computer program, we applied several criteria, such as the 22 previous water project votes, to determine who the swing members would be. It gave us a target audience of about 130 swing members.

2. The Nebraska Delegation

The House will tend to support the united local delegation. If the delegation is split, other members feel free to vote their conscience. We needed a split Nebraska delegation.

3. Nebraska State Government

Congress expects the Governor and the state legislature to strongly support a local water project. If they don’t, Congress won’t throw money at them that they don’t want.

Each theater of action had strategy. The strategy started with theme. It positioned the issue as a taxpayer issue instead of an environmental issue. Several messengers were brought into the strategy to deliver the message to particular audiences:

- The Nebraska Tax Limit Coalition: Conservative anti-tax, anti-government organization.
- The Nebraska Water Conservation Council: New organization created to conduct door-to-door canvassing.
- Save the Niobrara Rivers Association: Local landowners group who serve as the plaintiff in the NEPA litigation in federal court.

The information, the players, and the money were the key factors in the campaign.

We had a personal relationship of trust with one member of each organization who controlled that organization. We then sent money to each organization to assist them in carrying out the strategy. No one but TNC knew the entire strategy.

In Nebraska, TNC was always behind the scenes. We never made public statements. Everything was done through surrogates who were credible in their own right.

Outside of Nebraska, TNC was more open. We designed a national campaign for each TNC state chapter to secure the swing congressional members in each state. Chapters agreed to take on local campaigns to assure votes from their states....

It took three years to implement the strategy. In the end, the Nebraska delegation split on the issue. A resolution in the Nebraska legislature supporting the project was blocked. The Governor withdrew support. The House of Representatives voted to withdraw all funding and to kill the project [in 1982].

More importantly, we did it in a way that did not alienate TNC in Nebraska. Since then, the Kiewit Foundation has given money to TNC, and the editor of Omaha World Herald has become chairman of the Nebraska Chapter.

“Everything was done through surrogates.” We will see that again and again in environmental group projects.

TNC must be delighted with this science driven, non-confrontational, businesslike deal.

That was a long time ago. Is TNC still doing this kind of lobbying? In fiscal year 1996, TNC spent \$419,729 on lobbying. In 1997-98 TNC spent \$993,396 on lobbying.

Perhaps The Nature Conservancy will open their current handbooks to public inspection so we can see what dirty tricks they might or might not be playing these days.

The Nebraska Chapter of The Nature Conservancy said in April 1999 that John Gottschalk, publisher (not editor) of the Omaha World Herald, was once on their board of directors. In April, 1999, Gottschalk denied ever being chairman of TNC’s Nebraska Chapter. The Kiewit Foundation had no idea TNC was behind the killing of the Norden Dam project.

You Can’t TRU\$T TNC

A substantive question arises about the 1,385 corporate associates and the large number of businesses that work with and donate money to The Nature Conservancy: Why?

Why corporations give to environmental groups, which, given their “progressive” colleagues, appear to do nothing but harm corporate interests, is a question addressed by two scholars in some depth.

Marvin Olasky, who teaches journalism history and media law and ethics at the University of Texas at Austin, pointedly noted that “love of mankind” (the dictionary definition of philanthropy) plays a relatively small part in corporate grant making.

Professor Olasky wrote that personal, ideological and utilitarian reasons prevail:

Contributions are made for one or more of three very practical reasons. First, corporate executives may direct funds to groups personally important to them, a choice often based on peer pressure or spousal involvement. Second, ideological considerations come into play because liberals and conservatives generally view the world in different ways. Third, public relations managers make calculated professional judgements as to which potentially critical groups need to be placated.

In other words, how can we get the most public relations bang for the buck and help a few groups that subscribe to our own beliefs (or those of our spouses)?

Of Professor Olasky’s three, public relations approval clearly outweighs everything else in corporate giving to environmental groups.

Robert H. Nelson, a professor of environmental policy at the School of Public Affairs at the University of Maryland and a senior fellow at the Competitive Enterprise Institute, has a more machiavellian take on corporate giving to the environmental movement: It is a way for strong corporations to obtain government regulations so expensive they will price weaker competitors out of business. The result is a legal monopoly in a high-cost market.

Professor Nelson's way of stating it is more elegant: "Regulations behave as the private rights of the regulated." The result is the same.

Bob Nelson first explained his theory to me while I was interviewing him in 1981 for a book I was working on. He was then a policy analyst at the Department of the Interior, working in the Office of Policy Analysis, which serves the Office of the Secretary.

I told him it was difficult for me to grasp that an industry would commit suicide by giving rope to its hangmen. He patiently explained that only the weakest part of an industry dies under heavy regulation, and those weaker firms don't contribute to environmental groups. The stronger survivors have bought a valuable service from environmentalists: lobbying by those who can occupy the moral high ground with strength sufficient to win against industry's vigorous pretense of defense.

The implications of Nelson's theory are disturbing. Is there collusion to influence public policy between corporate or trade association leaders and environmental group leaders that are not the strictly arm's-length relationships of adversaries?

Is the adversary process of lobbying environmental policy being compromised by "sweetheart deals" between the most powerful on both sides, corporations *and* environmental groups?

Serious questions for future public policy.

Land Trust Reporting, Form 990: Line 1

LAND TRUSTS ARE TAX-EXEMPT ORGANIZATIONS THAT BUY PRIVATE LAND FROM PRIVATE OWNERS FOR CONSERVATION PURPOSES. LAND TRUSTS GENERALLY KEEP MOST OF THEIR PURCHASES AND MANAGE THE PROPERTY FOR CONSERVATION PURPOSES.

HOWEVER, SOME LAND TRUSTS ALSO SELL THEIR PURCHASED PROPERTY TO THE FEDERAL GOVERNMENT TO ADD TO THE FEDERAL DOMAIN FOR PRESERVATION IN AGENCIES SUCH AS THE NATIONAL PARK SERVICE AND THE U.S. FISH AND WILDLIFE SERVICE. SUCH SALES SHOULD BE PROMINENTLY VISIBLE TO PUBLIC INSPECTION IN THE FORM 990, WHICH HAS A LINE 1(C) SPACE TO REPORT “GOVERNMENT CONTRIBUTIONS (GRANTS).” HOWEVER, BECAUSE TAXPAYER CASH SPENT FOR THE PURCHASE OF PRIVATE PROPERTY FOR FEDERAL USE IS NOT STRICTLY A “GRANT,” LAND TRUSTS DO NOT REPORT MILLIONS OF TAXPAYER DOLLARS THEY RECEIVE IN A MANNER SUCH THAT THE PUBLIC CAN UNDERSTAND WHAT IS REALLY HAPPENING. THIS REQUIRES REFORM.

FURTHER, LAND TRUSTS FREQUENTLY SELL SERVICES SUCH AS LAND SURVEY DATABASES TO THE FEDERAL GOVERNMENT, AND THE TAXPAYER MONEY SPENT TO BUY SUCH ITEMS IS NOT PLAINLY VISIBLE TO PUBLIC INSPECTION. LINE 1(C) OF THE FORM 990 SHOULD BE CHANGED TO REQUIRE DISCLOSURE OF “GOVERNMENT PAYMENTS,” MEANING ALL GOVERNMENT FUNDS RECEIVED.

Land Trust Reporting, Form 990: Line 22

LINE 22 AT THE TOP OF PAGE 2 OF THE FORM 990 REQUIRES NON-PROFIT ORGANIZATIONS TO REVEAL THE FUNDS THEY GIVE TO OTHER ORGANIZATIONS, AND TO ATTACH A SCHEDULE SHOWING WHO RECEIVED EACH GRANT OR ALLOCATION AND THE AMOUNTS. LAND TRUSTS ARE PARTICULARLY FLAGRANT IN REFUSING TO DISCLOSE “WHO GOT THE MONEY” THEY CONTRIBUTE TO OTHERS - THE LINE 22 PROBLEM. THE NATION’S LARGEST LAND TRUST, THE NATURE CONSERVANCY’S 2000 FORM 990 LISTS \$36,443,498 IN GRANTS AND ALLOCATIONS ON LINE 22, NOTING “STATEMENT 7:”

STATEMENT 7		
FORM 990, PART II - GRANTS AND ALLOCATIONS		
Description	Total	Program Services
Grants and Allocations to Conservation Organizations	36,443,498	36,443,498
Total	36,443,498	36,443,498

Due to the volume of grants, a detailed list of grantees is not provided. All grantees are unrelated to TNC.

IRS INSTRUCTIONS DO NOT GIVE PERMISSION TO “NOT PROVIDE” A LIST OF GRANTEEES. WHO GOT THE TAX-EXEMPT \$36.4 MILLION? THE PUBLIC WILL NEVER KNOW. THIS OUTRAGEOUS SITUATION MUST BE REFORMED.

\$10.00

THE CENTER FOR THE DEFENSE OF FREE ENTERPRISE

is a non-profit, tax-exempt, publicly supported educational foundation organized under 501(c)(3) and 509(a)(1) of the Internal Revenue code.

The Center for the Defense of Free Enterprise was founded on July 4, 1976, by a coalition of concerned citizens to promote and defend the principles of the American free enterprise system. To that end, the Center for the Defense of Free Enterprise conducts many educational and legal action projects designed to better inform the public about the benefits of the free enterprise economic system. The Center does not accept government funds. This report is one of a periodic series on the problems of free enterprise.

Additional copies of this report are available for \$10.00 from the address below, or it can be downloaded free at the website www.cdfef.org/trust_us.htm. Questions concerning this report should be addressed to: Editor, "TRUST US" For more information, please contact:

**CENTER FOR THE DEFENSE
OF FREE ENTERPRISE**

Liberty Park
12500 N.E. Tenth Place
Bellevue, Washington 98005
(425)455-5038
FAX (425)451-3959
Web Site: <http://www.cdfef.org>
Email: editor@cdfef.org