

*I know you're out there. I can feel you now. I know that you're afraid, you're afraid of us, you're afraid of change. I don't know the future. I didn't come here to tell you how this is going to end. I came here to tell you it's going to begin. I'm going to hang up this phone and then I'm going to show these people what you don't want them to see. I'm going to show them a world without you, a world with out [your] rules and controls, without [your] borders and boundaries, a world where anything is possible.*

-- Neo, from *The Matrix* (A 1999 film by Warner Bros., which also holds a seat on NRDC's board)

# **Environmentalism on the Take**

**Integrity of Natural Resources Defense Council (NRDC)  
Challenged on Development of the Ballona Wetlands;  
*NRDC Trustees and Funders Linked to Wetland Developers***

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## SUMMARY

That special interests corrupt the political process is practically a cliché. A new report, *Environmentalism on the Take*, from Nonprofit Watch charges that a leading environmental group has succumbed to the same subversion. The Natural Resources Defense Council (NRDC) objects to the influence of polluters' campaign contributions, yet the organization has tailored its own environmental policy to protect the business interests of its contributors and trustees.

For the last decade, grassroots environmentalists in Los Angeles have engaged in a heated battle to protect the Ballona Wetlands and surrounding open space from a massive development named Playa Vista. On this matter, NRDC has staked out a position of "neutrality." Meanwhile, several of NRDC's trustees are linked to the developers of the wetlands, and NRDC has accepted financial support from developer interests.

NRDC's refusal to oppose the controversial Playa Vista development is understandable in light of the following conflicts of interest.

— Frederick Schwarz, NRDC's chairman since 1992, is a senior partner in the law firm of Cravath, Swaine & Moore, whose clients include Goldman Sachs, Morgan Stanley Dean Witter, and DreamWorks SKG. Goldman Sachs and Morgan Stanley are the leading investors in Playa Capital, a real estate consortium planning to construct Playa Vista, a "mini-city" on two-thirds of the Ballona site.

— Morgan Stanley Dean Witter is listed in NRDC's 1999 annual report as providing "\$1,000 or more" to the NRDC through "purchase of tables or gifts in kind to NRDC benefits in San Francisco." By underwriting an NRDC fundraiser, Morgan Stanley implicitly endorses, if not rewards, the organization's silence on the Ballona controversy. Meanwhile, lawyers for Morgan Stanley and Goldman Sachs have sent threatening letters to grassroots activists attempting to distribute information about toxic gas risks at Ballona.

— DreamWorks SKG, the Hollywood partnership of Steven Spielberg, Jeffrey Katzenberg and David Geffen, had planned a studio at the Ballona site, but withdrew in 1999. IRS records from the foundation of DreamWorks partner David Geffen show that the foundation gave NRDC \$75,000 from 1994-'96. According to NRDC annual reports, the Geffen Foundation also contributed over \$10,000 in 1999 and made donations to the group in other years as well. Furthermore, two NRDC trustees, one a former chair of the group, belong to the law firm Paul, Weiss, Rifkind, Wharton & Garrison that represents Mr. Geffen.

— Yet another attorney serves on NRDC's board under the shadow of conflict of interest. Frederick A. Terry, Jr.'s law firm, Sullivan & Cromwell, has represented Goldman Sachs, a developer of the Playa Vista.

— Joel Reynolds, a senior staffer in the Los Angeles office of NRDC, previously worked for a group that had reached a settlement with the Ballona developers. He has told activists that the terms of the settlement restrain him from actively opposing the

development; strangely, however, he has represented NRDC at meetings regarding Ballona and spoken out on the matter in recent years, professing NRDC's "neutrality" and giving indications of tacit support.

— NRDC trustee Robert Redford had pursued a movie deal with DreamWorks a year before DreamWorks withdrew from the Playa Vista project. Furthermore, NRDC has other strong ties to the upper echelon of Hollywood that would make it all the more awkward for the group to challenge a major studio.

NRDC's neutrality regarding the Ballona Wetlands is selective at best. With multiple clear conflicts of interest, NRDC should have conspicuously recused itself from the controversy, publicly explaining its conflicts of interest rather than adopting a stance of neutrality.

Environmental writer Mark Hertsgaard describes the Ballona Wetlands as "a 1,087-acre oasis of greenery and wildlife... a Central Park sitting right under [L.A.'s] nose, waiting to be noticed." Despite its intrinsic value to smoggy, park-starved Los Angeles, Ballona is slated to be one of the biggest real estate developments in the city's history — with help from NRDC's inaction.

The Ballona case is not an isolated issue of conflict of interest for NRDC; through its leadership NRDC is interlocked with major corporations at odds with environmentalists. Cravath, Swaine & Moore, the law firm of NRDC's chairman, has represented the major U.S. financial backers of the controversial Three Gorges Dam in China — a project opposed by many environmental and humanitarian groups about which NRDC has done little. Cravath also represents Royal Dutch Shell, which spilled oil throughout the indigenous Ogoni homeland in the Nigerian Delta and then funded military repression and execution of Ogoni leaders who complained. If NRDC actively sought justice from Shell for its activities in Nigeria, this would conflict with the interests of Schwarz and Cravath.

Is NRDC a real environmental advocacy group, or just a greenwashing facade for the rich and corporate fatcats? Chairman Schwarz is related to the founder of F.A.O. Schwarz, the upscale toy store; and the family of NRDC's executive director Frances Beinecke owned Sperry and Hutchinson, the company that issued grocery store "Green Stamps" rewarding consumption. These pedigrees symbolize the nature of NRDC's advocacy — it suits the needs of the wealthy and places a green fig leaf over industrial society. The Ballona wetlands may be a local concern, but on several major environmental issues like NAFTA and nuclear stranded costs, NRDC has consistently taken positions that favor corporate interests and alienate other environmentalists of integrity. Ironically, NRDC is also in conflict with the celebrated Norwegian environmental group the Bellona Foundation in regards to an NRDC-supported plan to ship foreign nuclear waste to Russia.

"NRDC's neutrality on the Ballona Wetlands can't be taken seriously -- the group takes money from the developers of the wetlands and its board of trustees is polluted with lawyers whose corporate law firms represent the developers. NRDC has a vested interest in looking the other way. Apparently NRDC's environmental policy is as corrupt as Beltway politicians and fictional as Hollywood movies."

Based in Washington, D.C., Nonprofit Watch examines conflict-of-interest issues among nonprofit organizations. For more information and a copy of the report on NRDC and the Ballona wetlands, contact Nonprofit Watch at (202) 318-1106. The report is also available on the web at [www.nonprofitwatch.org](http://www.nonprofitwatch.org) .

## FOREWORD

This report challenges the integrity of the Natural Resources Defense Council(NRDC).

There is plenty of good work done with good intentions by NRDC, and presumably most of its staff members are sincere in their personal and professional commitment to environmental protection. At the same time, Nonprofit Watch discerns that their work is constrained and framed by powerful interests that control the organization.

For those who care about the environment, the question is: Does NRDC's good work outweigh the growing list of cases in which the group's policy serves corporate interests at the expense of opportunities to promote environmental protection? And — noting NRDC's sellout on regional issues like the development of the Ballona Wetlands of Los Angeles and global issues like the use of Russia as an international nuclear waste dump — is it too cynical to ask whether the organization's good work lends a "green stamp" of legitimacy to the group -- thereby providing the necessary credibility for NRDC to undermine grassroots environmentalists and to adopt controversial stances at the expense of the environment and to the benefit of corporate interests?

The report is dedicated to grassroots activists who have found themselves working harder to compensate for NRDC's missed opportunities — or worse, its active opposition.

## INTRODUCTION AND BACKGROUND

The proposed development of the Ballona Wetlands in Los Angeles has been the subject of long and bitter conflict between environmentalists and real estate developers, but has also strained relations among environmental advocacy groups. This report examines conflicts of interest apparently influencing the policy of a leading environmental group, the Natural Resources Defense Council, concerning the Ballona Wetlands.

Grassroots environmentalists have long contended that the proposed development named Playa Vista would not only destroy significant wildlife habitat , exacerbate pollution, worsen traffic problems in the nation's most congested metropolitan area, and bring about a loss of vital open space. As Mark Hertsgaard writes in [Mother Jones](#), the Ballona Wetlands are a "1,087-acre oasis of greenery and wildlife... on the verge of becoming one of the biggest real estate developments in the history of Los Angeles." He concludes that the Playa Vista subdivision "will not only obliterate one of the last open spaces in Los Angeles and destroy some of California's last remaining wetlands, it also will generate 200,000 extra car trips per day, worsening the city's already severe air pollution and condemning western Los Angeles to permanent gridlock."<sup>(1)</sup>

A coalition of 107 environmental and civic groups, [Citizens United to Save All of Ballona](#), seek to protect the site as a park and wildlife refuge. Partners in the coalition include the Wetlands Action Network, the Sierra Club, the Surfrider Foundation, the Ballona Valley Preservation League, and the California Public Interest Group (CalPIRG).<sup>(2)</sup> Leading wetlands biologists have criticized the plan for its questionable provisions for "wetlands restoration."

The current developer of the Ballona Wetlands is a consortium named Playa Capital, in which the lead interests are Goldman Sachs and Morgan Stanley; they plan to build a "mini-city" on two-thirds of the site.<sup>(1)</sup> Playa Capital succeeds Maguire Thomas, a development firm that initiated the project.

DreamWorks SKG joined the project 1995 with plans to build a studio on a small part of the parcel. The involvement of DreamWorks was considered critical to public-sector support for the development. After several years of being vilified by environmental groups, with protests outside the Hollywood openings of its films, DreamWorks pulled out of the project in 1999.

According to a project opponent who spoke to Nonprofit Watch on background, DreamWorks actually had a more extensive involvement: "When DreamWorks first announced the deal to be part of Playa Vista, they were to be one-third partners in the project, sharing in the profits that they counted on to help fund the construction of their studio.

Later, as tensions mounted between Maguire and Katzenberg, who ran the Playa show for DreamWorks, the deal, which had only been handshake, morphed into something else, and soon DreamWorks was to be a tenant. However, they *still* were to receive a portion of the profits from the development, although they were off the hook for the one-third responsibility as developers."

Playa Vista is corporate welfare scam. It would receive hundreds of millions of dollars in public subsidies and tax breaks during a booming economy — despite the involvement of wealthy investors like Microsoft billionaires Bill Gates and Paul Allen; Hollywood titans Steven Spielberg, Jeffrey Katzenberg and David Geffen; one of the wealthiest men in Los Angeles, Gary Winnick of Pacific Capital and Global Crossings; and Morgan Stanley Dean Witter and Goldman Sachs. (DreamWorks SKG, under persistent pressure from environmental groups, pulled out of the project in 1999, so partners Spielberg, Katzenberg and Geffen and investors Gates and Allen are no longer direct beneficiaries of the subsidies.)

Nate Holden, who represents a low-income district on the Los Angeles City Council, denounced the government subsidies for Playa Vista as "welfare for billionaires."<sup>(3)</sup> Marva Smith Battle-Bey of the Vermont-Slauson Economic Development Corp. criticized a \$70 million municipal incentives package for DreamWorks as "outrageous," adding, "I realize that DreamWorks is going to be a boon to the city, but we really have to be more equitable about the distribution of this stuff. If we could get one-tenth of that kind of subsidy for commercial projects, industrial projects, in the inner city, the impact would be phenomenal."<sup>(4)</sup>

The project has not been reviewed with a federal Environmental Impact Statement.(EIS) Opponents argued in a lawsuit that the Army Corps of Engineers, which issued the permits to drain and pave the wetlands, had violated the Clean Water Act and the National Environmental Policy Act (NEPA).<sup>(5)</sup> The U.S. Environmental Protection Agency, the U.S. Fish & Wildlife Service and the National Marine Fisheries Service reviewed the plans and recommended a full EIS, but instead the politically connected developers were able to squeak by with a relatively superficial "environmental assessment." In June of 1998, the federal district court revoked the Army Corps permit and ordered a full EIS. The developers appealed and convinced the Corps of Engineers to join their appeal. The Ninth Circuit Court of Appeals heard the case in May 1999 and has not rendered a decision. However in August 2000, the lower court ruling that had halted the filling of part of the wetlands was overturned by a panel of three judges of the U.S. Court of Appeals for the 9th Circuit.<sup>(6)</sup> Disappointed by the ruling, the Wetlands Action Network suggested that it might seek a review by the entire 9th circuit or pursue an appeal to the Supreme Court. Marcia Hanscom commented that "It's definitely a harsh blow for the wetlands. We are certainly going to continue to fight this development. This is only one of many of our legal challenges."

Activists have also won a restraining order against the Playa Vista developers after bulldozers removed a willow grove, habitat of the endangered Southwestern willow flycatcher.<sup>(1)</sup>

While the project has received praise for plans to employ eco-friendly construction methods, opponents have run ads saying, "Placing a development this massive on and around a wetlands ecosystem is not environmentally sound — no matter how many recycling programs it has. How can a project that your own environmental impact report predicts will add 200,000 more car trips each day and generate 10 new tons of air pollution per day be 'environmentally sound?'" <sup>(7)</sup>

People interviewed by Nonprofit Watch have commented that Los Angeles has disproportionately little urban parkland in comparison to most large U.S. cities. Hertsgaard [described](#) the Ballona site as a "Central Park sitting right under [L.A.'s] nose, waiting to be noticed." Along this train of thought, ecologist Roy van de Hoek has [called](#) for the Ballona site to be turned into a state park. (Van de Hoek's mettle is reflected in his having been fired in the past for publicly criticizing his employer, the Bureau of Land Management, for shoddy oversight of California rangeland.<sup>(8)</sup>)

Richard Epps, president of the Los Angeles chapter of the Audubon Society, has derided the anti-Playa Vista activists, commenting that, "they're fighting to save a garbage dump, and that time and money could be spent doing more valuable things."<sup>(1)</sup> In contrast, Steve Crandall, attorney for activists opposed to Playa Vista, has stated, "Let's save this thing! If you put biologists to work, you could restore it into a beautiful flyway. It's one of the last open spaces in Los Angeles, and it's important to the future of Los Angeles, and even the world, that it be saved." Activist Bruce Robertson has echoed Crandall, commenting that, "You could restore this land if you wanted to.

Until there are buildings on it, this land can be saved." What follows is an exploration of why the Natural Resources Defense Council may have been disinclined from sharing the sentiment to save the entire Ballona site.

## ENVIRONMENTALISTS AND BALLONA

### NRDC and other Major Groups Taking a Dive on Ballona Wetlands

The fight against development of the wetlands began in the 1980s, led by the National Audubon Society and later the Friends of the Ballona Wetlands (FOBW). Audubon reached a settlement with the developers, and FOBW stepped in to demand protection of a larger parcel of the wetlands. Later FOBW also reached a settlement with the developers. These settlements were generally viewed by grassroots activists as sellouts, and a grassroots network emerged to work for more extensive protection of the wetlands and surrounding open space.(9)

*New Times Los Angeles'* writer Jill Stewart has [accused](#) elite environmentalists as well as city officials, politicians and West Side liberals of being co-opted by the developers since Maguire Thomas suckered Hollywood by luring DreamWorks into the project.(9) State senator Tom Hayden echoes this point, saying several major environmental groups "think of Spielberg as a good guy and [DreamWorks] SKG as a million-dollar contributor to liberal causes. It simply makes environmentalists uncomfortable to get into a fight with these fellows."(10)

DreamWorks' spokesperson Andy Spahn in 1998 described Playa Vista as a "a win-win for both the city and the environment... 90 percent of the local environmental community supports the project."(1) But Hertsgaard's 1999 article notes that "aside from one organization called Friends of Ballona Wetlands, almost no local group actively supports the project." When Spahn, who headed the Environmental Media Association from 1989-'93, joined DreamWorks in 1996, a UPI story suggested that he was hired especially to co-opt environmentalists in this matter - "Spahn's appointment may help DreamWorks fend off attacks from a coalition of environmental groups trying to block its plan to build a high-tech studio and corporate headquarters on 100 acres of marshland near the Los Angeles coastline. Opponents contended the project will cause 'irreparable harm' to the Ballona Wetlands, which are used by birds migrating along the Pacific Flyway."(11)

Mark Hertsgaard is an advocate for a [Global Green Deal](#) and an environmental writer noted for his book [Earth Odyssey: Around the World in Search of our Environmental Future](#). In [Mother Jones](#) he wrote: "Conspicuous by their absence are such mainstream groups as the National Audubon Society, Natural Resources Defense Council, and even Heal the Bay." Tom Hayden and Marcia Hanscom, executive director of the Wetlands Action Network, have "suggested that these groups are ducking the conflict for fear of angering Spielberg and other potential donors — a charge the groups deny," according to Hertsgaard.(1) (Nonprofit Watch commends Hertsgaard for his willingness to take these groups to task. Wealthy groups such as NRDC can generously pay writers for contributions to their groups' periodicals, creating a disincentive for critical examination of these elite environmental organizations.)

### Biased Neutrality: NRDC and the Ballona Wetlands

In Spring 1997, environmental and peace activist Jerry Rubin went on a hunger strike in opposition to the Playa Vista project, and was hospitalized after 26 days. Spurred by his action, representatives from DreamWorks then agreed to meet with environmentalists. Without the pressure from Rubin's fast, activists do not believe DreamWorks would have agreed to the meeting.

*Daily Variety*, reporting on the meeting, cited NRDC among "groups that have either taken neutral positions or have, for the time being, resolved differences with the project's lead developer." (12) Quite differently, project opponent Bruce Robertson, who viewed DreamWorks as a "catalyst" for the entire development, said "We call on DreamWorks to take a major stand on the environment."

Other opponents complained that key coalition partners had been excluded from the meeting while neutral or vacillating groups — including NRDC, Friends of Ballona Wetlands and the California League of Conservation

Voters — had been included. The meeting elicited protest from 40 activists angry about the exclusion of representatives of groups critical of Playa Vista.

According to the *Hollywood Reporter*, Joel Reynolds, a senior attorney in the Los Angeles office of NRDC, said "It was a useful meeting. It was a start of a dialogue that has real potential for allaying public concerns and enhancing the project."<sup>(13)</sup> NRDC's apparent interest in "allaying public concerns and enhancing the project" suggests a stance supportive of the underlying project beyond the neutrality that NRDC has tried to claim. Curiously the short article bothered to mention that NRDC was "a 27-year-old group with about 400,000 members nationwide," -- perhaps an effort to bolster Reynolds' credibility as a spokesman for the environmental contingent.

In September 1998, Reynolds was quoted in *Daily Variety* in reference to a dispute between DreamWorks and Playa Capital. He said, "The breakdown in negotiations may suggest some hidden agenda that has nothing to do with developing that site *as its been approved.*" (Emphasis added.) It's not clear whether Reynolds meant the approval was a *fait accompli* and there was no point in resisting it, or that the approved version of the plan warranted support, but the former interpretation conveys a weakness of NRDC while the latter again suggests tacit support for the project.<sup>(14)</sup>

Reynolds commented to [Mother Jones](#) that NRDC was watching Playa Vista closely and "sees itself getting involved in phase two, when it's more clear what the project will be like." Of course, as Hertsgaard noted, "by the time phase two is under way, there could be some two dozen apartment buildings on the site and it will be too late to stop the project."<sup>(1)</sup> This concern has been echoed by grassroots activists speaking to Nonprofit Watch.

Interestingly, activists have also told Nonprofit Watch that Reynolds recuses himself from opposing the Playa Vista project, explaining that he worked as an attorney for the Center for Law in the Public Interest at the time when the Center negotiated a settlement on behalf of Friends of the Ballona Wetlands -- thus Reynolds sees himself restrained by the past settlement. Another activist communicated to Nonprofit Watch that Reynolds' name was actually on a legal document prepared for Friends of Ballona Wetlands. NRDC should have assigned someone without this conflict of interest to deal with Ballona matters.

In 2000, according to grassroots activists, NRDC staffers have been more attentive, albeit quietly so, to concerns about toxic gases under the Ballona site. However, since DreamWorks is no longer an investor in the project, NRDC need not worry about upsetting the DreamWorks triumvirate of powerful Hollywood moguls Spielberg, Geffen and Katzenberg. (Additionally, there are other complicating issues that help explain the newly found willingness of NRDC's Los Angeles office to speak up against the project, albeit if only softly within environmental filings -- this may receive attention from Nonprofit Watch at a later time.)

Despite the withdrawal of DreamWorks, NRDC certainly does not join with the grassroots to oppose the project. To the central point of this report, NRDC's longstanding "neutrality" takes on a different appearance in light of the many links to Ballona developers as discussed below.

## **NRDC POLICY ON BALLONA WETLANDS CORRUPTED BY CONFLICTS OF INTEREST**

### **NRDC AND CRAVATH, SWAINE & MOORE**

Frederick A.O. Schwarz is chairman of NRDC as evident from the group's [website](#). He has been the chairman of NRDC since 1992, and a trustee since at least 1988.<sup>(15,16)</sup> Except for stints with the New York City government, Schwarz's career has been that of a corporate lawyer for the elite corporate law firm of Cravath, Swaine & Moore, based in New York. Cravath has represented key players in the Ballona development.



## Cravath and the Developers of the Ballona Wetlands

**Morgan Stanley Dean Witter and Goldman Sachs:** A major area of Cravath's practice is mergers and acquisitions. In addition to such major mergers as that of MCI and WorldCom; Lucent Technologies and AT&T; Boeing and McDonnell Douglas; and Westinghouse and Infinity; Westinghouse's \$4.5 billion acquisition of CBS; and Disney's \$19 billion acquisition of ABC, Cravath handled the 1997 merger of Morgan Stanley and Dean Witter.(17,18)

According to Cravath's own [website](#), the firm represents both Morgan Stanley Dean Witter and Goldman Sachs — an appearance, at least, of a major conflict of interest for Schwarz and NRDC, since these finance companies are the leading investors in Playa Vista, having invested \$200 million in return for majority ownership in Playa Capital which is carrying out the Playa Vista development at the Ballona site.(19,20) The firms gained their stake in 1997, when the opposition to the project was quite vocal and attracting significant media attention; these firms cannot plead ignorance of environmental concerns.(21,22)

Morgan Stanley is listed in NRDC's 1999 annual report as providing "\$1000 or more" to NRDC through "purchase of tables or gifts in kind to NRDC benefits in San Francisco or New York." Obviously the firm likes NRDC's work — or lack thereof, as in the Ballona controversy.

The political satire street theatre troupe [FrogWorks](#), which had protested Steven Spielberg and his films regarding the Ballona development, has now turned its attention to the "villains... those pesky Wall Street bankers, MorganStanleyDeanWitterGoldmanSachs," also known by FrogWorks as "Golden Sacks."(23)

Lawyers for Morgan Stanley and Goldman Sachs sent a threatening letter to project opponents Kathy Knight, of the Native American group Spirit of the Sage Council, and Patricia McPherson. The activists had "sent public reports about toxic [gas] risks at Playa Vista to the bond guarantors who are backing the [project's] affordable housing." (24) (Subsequently, Rex Frankel of Save All of Ballona took over the task of sending the reports to bond guarantors. As Frankel explained, "I don't own a home or have any real assets, so the Wall Street lawyers can't threaten me with financial ruin like they did Patricia and Kathy.") This is, of course, the same Morgan Stanley that underwrote an NRDC fundraiser and that is represented by the law firm of Mr. Schwarz, chair of the "neutral" NRDC.

**DreamWorks SKG:** Again according to Cravath's own [website](#), the firm has represented DreamWorks. Cravath handled the incorporation of DreamWorks SKG as a limited liability company.(25) Cravath handled the legal affairs involved in the studio's initial financing.(17) Cravath represented DreamWorks in its effort to raise \$2 billion, half in financing and half in equity.(26) On behalf of DreamWorks, Cravath handled the investment of \$500 million by Paul Allen of Microsoft. Finally, the friendship between Robert Kindler, a partner in Cravath, and Ronald Nelson, co-COO of DreamWorks, was of benefit to Cravath in winning DreamWorks as a client.(27) Certainly Mr. Kindler would not appreciate it if NRDC, the charity of his colleague Mr. Schwarz, were to make trouble for his friend's company.

Furthermore, in July 1999, *New Times Los Angeles* columnist Rick Barrs [reported](#) that the task of "representing DreamWorks on securing its construction loans [for the Ballona Wetlands] ...has fallen to fat-cat Manhattan law firm Cravath, Swaine & Moore." (28)

It has been argued that when the Wall Street investment houses began to pump money into Playa Vista, this attracted DreamWorks, whose involvement in turn enticed other businesses to the site. However, Marcia Hanscom of the Wetlands Action Network blames DreamWorks for the capital influx from Goldman Sachs and Morgan Stanley Dean Witter at a time when the previous developer's efforts were falling through due to financial difficulties.(29) "If it hadn't been for DreamWorks, there would be no project. There is no way that Goldman Sachs and Morgan Stanley would have come in without Spielberg and the others," Hanscom told the *London Independent*. Regardless of whether the two Wall Street firms or DreamWorks deserve the greater responsibility, it is gross conflict of interest to say the least for NRDC's chair to be at the law firm representing all three entities.

## **Other Tie-Ins Of Cravath Clientele to the Playa Vista Development at Ballona**

**Credit Suisse First Boston:** In 1997, Cravath [client](#) Credit Suisse First Boston extended \$255 million for Rob Maguire of Maguire Thomas to regain ownership in the MGM Plaza in Santa Monica.(30) Rob Maguire had long been pursuing development of the Ballona wetlands; it was Maguire who handed the project over to the Wall Street banks.

**Chase Manhattan Bank:** Cravath client Chase Manhattan made a loan of \$150 million to the Playa Vista project, but foreclosed in 1997.(21)

## **NRDC AND DAVID GEFFEN**

David Geffen is a principal partner in DreamWorks SKG. According to IRS records, the David Geffen Foundation gave NRDC \$75,000 from 1994-'96. NRDC's annual reports from 1993-'99 also show Geffen Foundation grants from 1996 to 1999, and in 1994; the group's 1995 annual report and the Geffen Foundation's IRS 990 filing for 1995 give conflicting information. Ironically, the 1996 annual report lists the Geffen donation as supporting NRDC's project "Working for the West: The Campaign for NRDC's San Francisco and Los Angeles Offices." The 1999 annual report of NRDC categorizes support from the Geffen Foundation as over \$10,000.

The involvement of DreamWorks with Playa Vista was announced at the end of 1995.(31) It is not clear whether, when DreamWorks was created in 1994, the company already envisioned situating itself at the Ballona site; if so, that may have influenced Geffen's decision to support NRDC in 1994. Regardless, NRDC's acceptance of this support while the donor's project was under concerted attack by environmentalists belies the integrity of NRDC's vaunted neutrality.

In 1993 Andy Spahn took charge of The David Geffen Co. and The David Geffen Foundation.(11) His foundation role, doling out money to charity on behalf of Mr. Geffen, perhaps facilitates his role in corporate affairs at DreamWorks. This would seem to be a problematic mixing of corporate and charitable interests, which would further explain the "neutrality" of NRDC — a grantee of the Geffen Foundation.

Andy Goodman, Spahn's successor at the Environmental Media Association, says of Playa Vista: "This is not development rampaging with no concerns for the environment. It has been the assessment of the major environmental groups in this area that if this isn't necessarily a good thing, it's at least benign." (7) Presumably the "major environmental groups" in question include NRDC.

When activists Bruce Robertson, Marcia Hanscom and others formed Citizens United to Save All of Ballona, an anti-development coalition now representing 104 groups, the Geffen Foundation asked several member groups to reconsider their affiliation. At least one, the 18th Street Arts Complex of Santa Monica, chose to withdraw.(32) With this type of activity, the Geffen grants to NRDC look even more tainted.

If the Geffen Foundation explicitly demands that its fundees withdraw their opposition to the project, what are we to think when NRDC receives funding from the Geffen Foundation and NRDC's staffer Joel Reynolds gives tacit support to the project? One cannot help but question NRDC's integrity.

**Two NRDC Trustees With Law Firm Representing Geffen:** In securing Paul Allen's investment of half a billion dollars in DreamWorks, Geffen was represented by attorneys from Paul, Weiss, Rifkind, Wharton & Garrison, which *American Lawyer* described as "his regular counsel."(26) This adds another conflict of interest for NRDC: two trustees, Adrian W. deWind and Ruben Kraiem, are attorneys with Paul, Weiss. DeWind was chairman of NRDC for 12 years before Schwarz took the helm in 1992.(16)

Geffen's financial support of NRDC is also problematic in light of his successful effort to win approval for construction of a seawall along his Malibu compound; the project raised environmental concerns and was opposed by Sierra Club activists. Mark Massara, the Sierra Club's coastal program manager, says seawalls constitute "the

single worst coastal crisis in California," adding, "we are slowly but surely walling off the entire coast." (33) Though staff engineers of the California Coastal Commission recommended against it, the politically appointed commission gave Geffen its approval. The *Los Angeles Times* pointed out that "an unprecedented lobbying effort was unleashed to persuade commissioners to override their staff's recommendation and approve the project. Calls on behalf of Geffen, a prolific fund-raiser for Democratic Party candidates, have been made to commissioners from the governor's office and legislative leaders." (33)

The approval was roundly denounced in the [California CoastWatcher Newsletter](#) of the Sierra Club. According to the newsletter,

Peter Douglas, executive director of the Coastal Commission, told the commissioners that this project was incredibly important given the attention it had received — and that, because there was no demonstrable need for the wall, approval would create a precedent for approving literally thousands of new "unnecessary" seawalls. This project, Douglas testified, had no redeeming value whatsoever. So why did the Commission approve it? Simply because Mr. Geffen has enormous political and financial power, especially among Democrats, longtime recipients of Geffen's considerable campaign donations. (34)

On this issue, NRDC also appears to be neutralized by Geffen's largesse — the group kept quiet in this controversy, as far as the media record indicates.

## **NRDC AND SULLIVAN & CROMWELL, ANOTHER LAW FIRM REPRESENTED ON NRDC'S BOARD OF DIRECTORS AND LINKED TO A BALLONA WETLANDS DEVELOPER**

Attorney Frederick A. Terry, Jr., of Sullivan & Cromwell, is a [trustee](#) of NRDC. Sullivan & Cromwell represented Goldman Sachs in the company's 1999 plan to go public with an 11% stake. (35) A shaky stock market caused Goldman to postpone its plans. Despite the connection to NRDC's board, it is doubtful that Sullivan & Cromwell would have urged Goldman Sachs to advise prospective investors that the company was under fire from environmental groups in Los Angeles over the Ballona issue.

On another matter of concern to environmental and human rights activists: Goldman Sachs is also denounced by [The International Campaign for Tibet](#) for its role in raising \$10 billion for the China National Petroleum Company (PetroChina) to build a pipeline from Tibet to Shanghai, downsize millions of workers, pursue economic opportunities in the Sudan (where, ICT says, "China has been complicit in the slaughter of more than 2 million Sudanese Christians"), and to expand oil and natural gas extraction in occupied Tibet

Just as NRDC has been useless in the effort to save the Ballona Wetlands, it should **not** be hoped that NRDC would join "Tibetan rights activists, the AFL-CIO, anti-slavery groups, national security interests and environmental organizations" in denouncing Goldman Sachs' involvement with Chinese oil development in Tibet. This would be too much to expect given NRDC's ties to the firm through Mr. Terry, as well as NRDC chairman Mr. Schwarz as his law firm Cravath also represents Goldman Sachs.

## **NRDC, DREAMWORKS AND HOLLYWOOD**

The following strong ties by NRDC to Hollywood give the group yet further conflicts of interest that would lessen its inclination to oppose a major studio like DreamWorks.

Robert Redford has long been a trustee of NRDC. His current movie project, "The Legend of Bagger Vance", is being distributed in November 2000 by DreamWorks SKG. (36) Negotiations between Redford and DreamWorks were public knowledge as early as March of 1998, (37) more than a year before Dream Works pulled out of Playa Vista in July 1999. (38) It is not expected that DreamWorks would have looked kindly upon Redford if his environmental group NRDC were challenging the company's studio plans.

As noted in *George* magazine, the Ballona Wetlands campaign "should have caught on among Hollywood liberals, but it hasn't. The reason? One of Playa Vista's biggest investors is DreamWorks SKG." (32) NRDC has ties not only to DreamWorks, but to Hollywood elites who might find it awkward to be at odds with Spielberg and his partners. In addition to Robert Redford, NRDC's board includes many Hollywood figures -- Alan Horn, president and COO of Warner Brothers; Joe Roth, chair of Walt Disney Studios; Laurie David, wife of "Seinfeld" co-creator Larry David; and singer James Taylor. Also, another trustee is Peter Morton, the founder and Chair of the Hard Rock Café; Hard Rock books performers at its clubs and hotels. NRDC fundraisers enjoy the presence of Hollywood's glitterati. A recent Los Angeles event for NRDC featured a concert by Jewel and appearances by Larry David, Al Franken, Diane Keaton, Julia Louis-Dreyfus, Carole King and Rob Reiner.(39)

By challenging DreamWorks, NRDC would risk alienating a significant donor base which also gives the group glitz. Consider what Andy Goodman of the Environmental Media Association(EMA) told *George* magazine, "This is a company town. It doesn't pay to go against the company." (32) (Yet he maintained that EMA supports the project on its merits. Perhaps Goodman aspires to one day follow the path of his predecessor at EMA, Andy Spahn who as discussed above moved on to become a spokesperson for DreamWorks)

On the issue of free trade, these ties of NRDC with Hollywood coincide with the group's free trade policies. No doubt the businessmen of Hollywood are pleased with NRDC's past support of the North American Free Trade Agreement(NAFTA) and failure to challenge other agreements. Since the adoption of NAFTA, more Hollywood films have been shot in Mexico and Canada, where production costs are lower due to weaker labor laws and cheaper workers.(40) According to the *Houston Chronicle*, "the advent of NAFTA in 1994 pushed this trend by making it easier to ship everything from film to special effects equipment in and out of the country." Actors supporting NRDC should also consider that free trade agreements have been criticized by foreign filmmakers, concerned that such agreements will rule as invalid national laws meant to raise funds for a country's own film community. And, of course, NAFTA was and is opposed by nearly all environmental groups, excepting those with strong ties to the corporate sector.

## **QUESTIONS REGARDING NRDC'S INTEGRITY NOT UNIQUE TO BALLONA WETLANDS ISSUE**

The concerns raised here as to whether conflicts of interests influence NRDC's advocacy on the Ballona wetlands point to structural limitations of NRDC. This apparent inherent straitjacketing of the group by special interests coincides with other controversial stances that NRDC has adopted. For example: support of stranded costs bailouts for nuclear utilities which thereby has facilitated electricity deregulation; advocating shipping nuclear waste to Russia; taking no active stance on the Ward Valley nuclear waste dump; support or non-activism on trade deals such as NAFTA; opposition to incinerators only on a case by case basis; negotiating in support of oil drilling in a national park in the Amazon; and other matters. Put these elements together and you seem to have the profile of an entity that would more aptly be called "The Natural Resources Dumping Club." These issues will receive extensive examination in the future as time and resources permit.

Ironically, plans to ship nuclear waste to Russia puts NRDC at odds with the [Bellona Foundation](#), the Norwegian group that has received worldwide attention for its work with Goldman Environmental Prize winner Alesandr Nikitin, the whistleblowing submarine commander jailed by the Russian government. Perhaps the [Bellona](#) and [Ballona](#) activists might find it useful to collaborate with each other. Note that there has been no support from Russian environmentalists for NRDC's plans to turn their country into a toilet for nuclear waste; in fact grassroots environmentalists have carried out protests of this agenda. The NRDC agenda is all the more problematic in the context that the Russian government has treated its native environmentalists as if they were subversive traitors. (Read more about this matter in a brief [commentary](#) from Bellona; a longer [analysis](#) from Bellona; a very interesting [discussion](#) in which Bellona responds to a letter regarding Bellona's concerns from an NRDC staffer who has the gall to write that it is hoped "Bellona will find a way to support this endeavor and not find itself joining the NIMBY [Not In My Backyard] crowd" to which Bellona responds that "we urge the wealthy nations . . . to face the music and deal with the nuclear waste they have created rather than dumping it on someone else (the NIMBY way)," and an [article](#) by Jeffrey St. Clair published in *In These Times*.)

## NRDC AT ODDS WITH GRASSROOTS ACTIVISTS IN TOWNS WITH NRDC OFFICES

In three cities where NRDC has offices — New York, San Francisco, and Los Angeles — the group has been at odds with grassroots activists.

In New York City, NRDC and the Environmental Defense Fund support a development project along the Hudson River that is opposed by the New York Public Interest Research Group, Sierra Club, Friends of the Earth, the Clean Air Campaign and other grassroots groups. The opponents want a full federal EIS, just as grassroots activists demand at Ballona. (See the [Westway2](#) website for more information or read an [article](#) about the matter.)

In San Francisco, activists opposing sweatshops and unsustainable logging have united against the owners of The Gap. The company is under fire for contracting with factories that mistreat workers, and the Fisher family that owns the company has angered enviros in Mendocino over its logging venture. Activists have leafleted at an NRDC fundraiser in San Francisco because the company's Executive Vice President Robert J. Fisher, the son of Donald and Doris Fisher who founded the company, sits on the board of NRDC and is a funder of the group. While he resigned from the Gap at the end of 1999, he remains on the board and as of April 2000, held [6.3%](#) of the company's stock. No doubt he and his parents appreciate how NRDC supported NAFTA and has taken a dive on other free trade agreements, thereby facilitating the contracting with foreign sweatshops. (See [www.gapsucks.org](http://www.gapsucks.org) for more information. [Global Exchange](#) has also been a leading critic of the company.)

Finally, in Los Angeles there has been tremendous grassroots energy devoted to the Ballona issue on which NRDC has officially been neutral as discussed in this report. Links to groups struggling on behalf of Ballona can be found below.

The conflicts of interest outlined in this report suggest a strategy for grassroots pressure against the special interests developing the Ballona Wetlands: demand that NRDC strongly and publicly lobby the developers and polluters with which it is intertwined. Perhaps activists in New York, San Francisco and Los Angeles will unite in regards to how in their different efforts, NRDC is at odds with them or dubiously neutral.

### OTHER ENVIRONMENTALLY QUESTIONABLE VENTURES WITH WHICH NRDC IS ENTWINED THROUGH ITS ELITE LEADERSHIP

As can be seen from the above, the matter of the Ballona wetlands in Los Angeles raises a controversy about NRDC policy that is not isolated or unique — indeed, on many national and global environmental issues, NRDC has consistently taken positions that favor corporate interests and alienate other environmentalists. The essential question is not just whether NRDC opposes development of the Ballona Wetlands, but whether NRDC's policies are muted or limited in ways that coincide with the interests of the corporate clientele of Cravath and the other law firms with representatives on NRDC's board of directors. The following are but two more examples of how Cravath's clients are at odds with environmentalists; numerous others exist.

**Cravath's Client Royal Dutch Shell:** Since 1912, Cravath has [represented](#) Royal Dutch/Shell in the U.S. and abroad. This interconnection between Cravath and NRDC seems especially contemptible. Shell supported and funded the Abacha dictatorship in Nigeria, which repressed and sometimes executed indigenous people who complained about the environmental impact of Shell's oil drilling in the Nigerian Delta. Ogoni tribal activist Ken Saro-Wiwa and eight others were executed in 1995 for demonstrating against Shell. This matter has done the most to catalyze united efforts between human rights and environmental activists.

Is NRDC suing Shell, seeking compensatory damages for the company's destruction of the Nigerian environment and its people? It can't; its chairman is with a law firm that represents Shell. Such a major lawsuit would be too great a conflict of interest. Nor would it be tolerated by the other corporate law firms and Wall Street interests with which NRDC is interlocked. To these establishment interests, a lawsuit of a few million dollars in damages is tolerable, but one demanding justice and remediation for the Nigerian Delta could cost a billion dollars or more,

thereby significantly affecting corporate profits and thus stock returns. However, in milquetoast fashion, NRDC's executive director Frances Beinecke was part of publisher Conde Nast's committee that gave Saro-Wiwa a posthumous award, (41) and NRDC plays footsie through its Climate Neutral Network with Chevron, another company that propped up the Nigerian military dictatorship, polluted the Ogoni lands, and bore scornful criticism from Saro-Wiwa.

In his book Losing Ground, environmental writer Mark Dowie notes that NRDC and Human Rights Watch proposed a joint project to address the "environmental/human rights nexus." (42) Dowie adds, "HRW might have picked a better ally." Apparently, and understandably so, nothing substantive came from this effort other than a report — certainly no action, which would require a major challenge to powerful interests, many represented by Cravath.

(Nonprofit Watch notes that Cravath, Swaine & Moore is also represented on the board of the Lawyers Committee for Human Rights(LCHR). Cravath attorney Robert D. Joffe is a [trustee](#) of LCHR; Cravath also [donates](#) to the group. In a previous [report](#), Nonprofit Watch took LCHR to task for its ties to clothing manufacturers that have been criticized regarding foreign sweatshops. Coziness with the law firm that represents Shell Oil further lessens confidence in this group's integrity.)

**The Three Gorges Dam:** The gargantuan Three Gorges Dam under construction in China is opposed by many environmental and human rights groups. The International Rivers Network's "[Flood Wall Street](#)" campaign charges that "Wall Street investment banks are working with the [China Development Bank] to make the dam a reality." The [investment banks](#) involved with the project include Salomon Smith Barney, Merrill Lynch, Credit Suisse First Boston, Morgan Stanley Dean Witter, J.P. Morgan, Lehman Brothers, Goldman Sachs, and Chase Manhattan Bank. Guess what? Every one of these banks [has been represented](#) by Cravath, Swaine & Moore. What's more, in 2000 NRDC's Chairman Fritz Schwarz represents J.P. Morgan's subsidiary Morgan Guaranty Trust in a lawsuit with Korea Life Insurance Co. regarding a \$90 million derivatives deal. (43)

NRDC has not been entirely silent on the matter of Three Gorges. Barbara Finamore, an NRDC specialist on China, stated back in 1997 that, "The scale of this dam just dwarfs any other project of this kind. Entire cities are going to go underwater." (44) She also commented that "It's not enough to just remove the barriers to U.S. investment in China. It has to be focused on clean energy or there is the potential for even more damage to the environment." (45) In 1998 NRDC did oppose an amendment sponsored by Senator Murkowski that "would prohibit the US Export-Import Bank from withholding any project's financing for environmental reasons if the government of any other G-7 country provided money for the project." Rejection by the bank of the financing for the Three Gorges Dam had prompted Murkowski to push the amendment. (46) By the same token, shouldn't NRDC be vocally calling attention to these concerns with the finance companies involved in the Three Gorges Dam and represented by law partners of NRDC's chairman?

A search of news media reveals no recent advocacy or commentary by NRDC regarding the dam; even NRDC's web site has no information about Three Gorges. (Finamore and NRDC were also silent when the Clinton administration announced the \$50 billion sale of nuclear reactors to China and defended the deal as a means to address global warming.)

## **NRDC: PRACTICING SUPERFICIAL ENVIRONMENTALISM IN SERVICE OF THE WEALTHY AND CORPORATE INTERESTS?**

There are several interesting symbols that Nonprofit Watch would like to suggest in conceptualizing NRDC. These symbols are embodied in chairman Frederick A.O. Schwarz, executive director Frances Beinecke, and NRDC's support from the Ad Councils of the United States and Japan.

**Frederick (Fritz) Augustus Otto Schwarz, Jr., Esq. (F.A.O. Schwarz):** Frederick Schwarz is the great-grandson of the founder of the F.A.O. Schwarz toy company. (15) F.A.O. Schwarz sells expensive toys for the wealthy, just as Frederick Schwarz chairs a group that repeatedly proffers a

environmental agenda friendly to the rich and powerful corporations. Certainly Mr. Geffen and the wealthy investors in Playa Vista no doubt have appreciated NRDC's neutrality and tacit support.

**Frances Gillespie Beinecke:** Frances Beinecke is the daughter of corporate executive William S. Beinecke.(47,48) The wealthy Beinecke family was involved in a variety industries, but perhaps is best known for Sperry & Hutchinson (S&H), founded by her great-uncle's father; her father William S. Beinecke served as Chair and Chief Executive Officer of the company.(49). She also sits on the board of the Beinecke family's [Prospect Hill Foundation](#), which has an endowment of \$71 million, adding further to her influence.

Sperry and Hutchinson, also known as the S&H Green Stamp company, provided "green stamps" for merchants to hand out with grocery and other purchases as a reward for shopping. The stamps were redeemable for consumer goods. The Green Stamps were not environmentally "green" -- the term "green" referred to their color. The company was sold by the family around 1980 but has recently been repurchased by a relative who is moving to make at an [internet venture](#).

Is NRDC's brand of environmentalism merely putting a "green stamp" upon the industrial system of our world? When one considers NRDC's support of NAFTA with its environmental side agreement -- a toothless green fig-leaf which seems to have utterly failed or advocacy for bailing out the nuclear industry's stranded costs which puts the cost -- \$100 billion plus -- onto the taxpayer, gives new life to old reactors, and ensures that underwriters will be willing to risk investing in a new generation of reactors, it would seem that the answer is yes. (It would seem that Schwarz and Beinecke are the "power elite" about which wrote C. Wright Mills.)

**U.S. and Japanese Ad Councils:** These two entities underwrite advertising for NRDC. The U.S. Ad Council represents, and is [funded](#) by, broadcasters, advertising agencies and corporate advertisers which make money by encouraging consumption. Presumably the same applies to the Japanese Ad Council.

Regarding Japan, consider that Japanese corporations over the years have been condemned by environmentalists for rapacious logging and other wanton resource extraction and consumption. Furthermore, Japan is a top user of nuclear power with plans for many more nuclear power plants and would very well benefit from the NRDC-supported plan to turn Russian into a storage site for foreign nuclear waste.

In spite rhetoric from NRDC critical of corporations and an occasional corporate accountability campaign, could it nonetheless be the case that when push comes to shove, the corporate sector prefers to deal with NRDC's brand of environmentalism as opposed to that practiced by groups with a stronger agenda?

## IN CONCLUSION

Nonprofit Watch is not in a position to referee the debate over the Ballona Wetlands. However, the coalition of grassroots environmentalists and other civic groups intent in saving all of the Ballona site have a greater integrity than elite groups such as NRDC, which postures as neutral and claims that the Playa Vista development has not warranted its intervention while the group is entwined with developer interests as discussed in this report.

A leaked confidential memo from developer Playa Capital entitled "Known Opponents" listed 90 people and 88 groups in opposition to the company's developments plans.(3) In light of the gross conflicts of interest outlined in this report, perhaps there also exists a shorter memo, maybe entitled "Known Friends and Silent Bystanders," which includes NRDC, as well as the National Audubon Society and Friends of the Ballona Wetlands.

Writing in *The Nation*, William Gibson notes that the developers of Ballona have pumped the political system with campaign donations.(10) "One CalPIRG study of campaign donations from 1993 to 1995 found that DreamWorks, together with Maguire Thomas Partners and the major law firm and engineering consultants who worked on the project, gave a total of \$346,000 to local and state politicians, including a \$50,000 donation by Steven Spielberg to Governor Wilson months before he allocated \$40 million in project subsidies. During the 1996 national campaign, Spielberg, Katzenberg and Geffen together gave the Democrats \$562,000. And in the 1998 California governor's

race the three DreamWorks principals each donated \$50,000 to Democratic candidate Gray Davis." To Nonprofit Watch, NRDC's conflicts of interest coupled with the group's neutrality are the nonprofit equivalent of political campaign financing by special interests.

A Ballona activist complained to Nonprofit Watch that the "neutrality and silence" of groups like NRDC "gave the tacit seal of approval to the development — an approval that was important to the liberal wing of the Democratic Party in California. If these three organizations had joined with the Coalition to Save All of Ballona in 1995 or 1996, then the political dynamics of the struggle would have been changed."

In response to this report, NRDC may argue that neutrality was the appropriate position for the group to take to avoid conflict of interest. But the suggestion that NRDC might take a position on "phase two," and the fact that the group did not explicitly recuse itself, negates that argument. NRDC should have publicly acknowledged the apparent conflicts of interest and vocally recused itself from the issue.

In taking NRDC to task, it should be recognized that the group has played a leading role in trying to force Los Angeles to take responsibility for its stormwater drain-off which is a major source of pollution of the Santa Monica Bay. This is a paradox of modern industrial society: the natural and life-giving process of rain causes environmental harm by washing to sea the human-generated pollutants that coat the land. On one level NRDC could be applauded for its efforts to force municipalities to deal with storm runoff as if it were sewage; but it focuses on a symptom of pollution rather than addressing the human acts that produced the pollutants. Moreover, as in the matter of nuclear power bailouts, here too NRDC wants the public to assume the cost of problems created by corporations acting for profit, carrying out industrial activities, and producing consumer items that contribute to this toxic runoff.

The ecological problems facing the planet and its inhabitants are numerous and complex. While Nonprofit Watch does not claim to have the answers, it must conclude that NRDC is too cozy with corporate special interests to develop and promote an Earth-saving vision.

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### **Links to Groups Opposed to the Playa Vista Project and Endeavoring to Save the Entire Ballona Site from Development**

(The below organizations would certainly be far worthier organizations for ones charity dollars and volunteer energy than the Natural Resources Defense Council(NRDC). Note that mention below does not imply that the below groups endorse Nonprofit Watch or this report.)

**Wetlands Action Network(WAN)** <http://www.wetlandact.org/>  
(P.O. Box 1145; Malibu, CA 90265; (310) 456-5604 • fax: (310) 456-5612;  
moreinfo@wetlandact.org )

In the view of Nonprofit Watch and with no disrespect towards other activists groups, WAN has played a leading role under the leadership of Marcia Hanscom in the effort during the '90s to save the Ballona site from development.

On the e-mail list for this group it was noted several months ago that Hanscom had sustained an injury and lacked health insurance. While grassroots activists doing the "heavy lifting" often get by with scant resources and compensation, the elites pay themselves hefty salaries — for example, NRDC's President John Adams earned a compensation package of **\$238,964** in the fiscal year ending June 30, 1998. Environmentalists and the general public need not support such salaries, especially in light of the issues raised in this report about NRDC's integrity. Let the rich take care of NRDC — it certainly takes care of them. There are many other organizations such as those listed here where the donor's dollar would be used with much greater integrity and efficiency.



## Other Leading Opponents of Development on the Ballona Wetlands (in alphabetical order)

**Ballona Valley Preservation League** <http://www.ballonawetlands.org/>

12228 Venice Blvd. Box 500, Los Angeles CA 90066; (310) 398-5511

Bruce@BallonaWetlands.org

**Ballona Wetlands Land Trust** <http://www.ballona.org/>

PO Box 5623 Playa del Rey CA 90296; (310) 338 1413 / Fax: (310) 399-2920;

ballona@envirolink.org

**California Public Interest Research Group** <http://www.pirg.org/calpirg/>

3435 Wilshire Blvd., #308; Los Angeles, CA 90010; (213)251-3680

**EarthWays Foundation** <http://earthways.org/>

20110 Rockport Way Malibu, CA 90265 ; 310-456-8300 or FAX 310-456-0388;

PepperClip77@aol.com

**Spirit of the Sage Council** <http://www.sagecouncil.com/>

30 N. Raymond Ave., Suite 302; Pasadena, CA 91103; 626 744 9932, 626 744 9931 (fax)

**Surfrider Foundation -- Ventura County** <http://www.west.net/~srfrdrv/index.html>

239 W. Main Street, Ventura, California, 93001; 805-667-2222, surf@eiseman.com

**West Bluffs Conservation Association** <http://www.savewestbluffs.org/>

8117 W. Manchester Ave., # 517, Playa del Rey, CA 90293-8728; (310) 967-5920 (310)301-1750 (fax)

## Two Other Meritorious Groups Mentioned In this Report

(While their work is not related to the Ballona Wetlands, the following two groups are mentioned in this report in regards to their opposition to NRDC supported projects. )

**CLEAN AIR CAMPAIGN:** 150 NASSAU ST, NEW YORK, NY 1003; (212) 349-7255

The project of long time New York environmentalist Marcy Benstock who years ago led the fight against the billion dollar Westway highway in New York City; she valiantly perseveres in spite of powerful interests arrayed against grassroots enviros and aggressive efforts in New York to co-opt and subvert environmentalists.

**Bellona Foundation** <http://www.bellona.no/>

c/o BELLONA USA, PO BOX 11835; WASHINGTON, DC 20008-9035;

## Other Ballona Links

**Tom Hayden on the Development of the Ballona Site** <http://www.ballona.org/Truth.html>

**Film: The Last Stand, The Struggle for the Ballona Wetlands** (Ironically, this film was shown at the 2000 D.C. Environmental Film Festival by the Clean Water Network, which operates out of NRDC's offices.)  
<http://www.ballona.com/>

**Collection of Reviews and Letters to The Editor Regarding Film *The Last Stand*** -- Provide Insight into the Contrasting Viewpoints About the Playa Vista Development and the Ballona Wetlands

[The Last Stand: Anti-Playa Forces Roll The Dice Again](#) by Marc B. Haefele

Haefele of LA Weekly criticizes both the activists opposed to Playa Vista and the film The Last Stand.

[Letters from filmmakers and activist in response to Haefele's review of The Last Stand](#)

[Letter from Ruth Lansford, President of Friends of Ballona Wetlands, counter-responding to above letters.](#)

['Wetlands' More Promotion than Documentary](#)

James Bates of the Los Angeles Times takes on The Last Stand

[The Mudslinging in the Wetlands Television](#): Documentary on environmental impact of Playa Vista project gets air time--and raises a furor over its objectivity

Lorenza Munoz of Los Angeles Times reviews The Last Stand

[Counterpunch: Production Team Takes Issue with the Ballona Wetlands Stories](#)

Filmmakers Respond to Articles by Bates and Munoz in Los Angeles Times

[BUSINESS WRITER WAS WRONG CHOICE FOR 'WETLANDS' REVIEW](#)

A variety of readers of the Los Angeles Times criticize review by James Bates

## **A View from the Other Side**

**Friends of Ballona Wetlands** -- This is the group that reached a settlement with the developers and has been criticized by grassroots environmentalists for its position. <http://ballonafriends.org/>

## **Background Articles on the Ballona Controversy**

[Playa Vista 's Road to Reality Is Full of Twists and Turns](#); Development: Part of the huge project near Marina del Rey is underway, but legal and other hurdles remain. by Jim Newton and Monte Morin in Los Angeles Times, Oct. 3 1999

[DreamJerks](#): Steven Spielberg and his billionaire partners would bulldoze E.T. to get the Playa Vista megadevelopment built on L.A.'s last surviving wetlands. But outraged citizens may topple these giants. By Jill Stewart -- New Times Los Angeles -- June 3, 1999

[Hollywood Sprawl](#): Instead of saving open space, politicians are giving subsidies to developers. By J. William Gibson, *The Nation*, March 1<sup>st</sup>, 1999

[Spielberg's Other Lost World](#): Los Angeles has its own Central Park sitting right under its nose, waiting to be noticed. Instead, it's being bulldozed, and Steven Spielberg is building his new film studio on the site as part of one of the biggest real estate developments in the city's history.

by Mark Hertsgaard -- Mother Jones -- January 1, 1999

[http://bsd.mojones.com/mother\\_jones/JF99/hertsgaard.html](http://bsd.mojones.com/mother_jones/JF99/hertsgaard.html)

[Raider of the last park](#); Nothing, it seems, can stand in the way of progress. Especially when the building site is Hollywood and the builder is one of its most powerful directors. by Andrew Gumbel in The Independent (London), Oct. 3, 1998

[Jamming Up DreamWorks](#): It took a conservative judge to finally slam the brakes on Steven Spielberg's steamroller in the Ballona Wetlands. By Jill Stewart -- New Times Los Angeles -- May 30, 1998

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