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Conservation groups file suit in Seattle over timber-settlement funds

By Donna Gordon Blankinship
The Associated Press

Three conservation groups are suing the federal government over a decision to give millions of dollars to forestry foundations, saying the money illegally bypassed the U.S. Treasury and Congress.

The lawsuit was filed Wednesday in U.S. District Court in Seattle by the Forest Stewardship Council-United States, Conservation Northwest and the Center for Biological Diversity.

"This is the only lawsuit that our organization has ever filed in its history. That shows you how serious we believe this case to be," Corey Brinkema, president of the Forest Stewardship Council-United States, said Friday.

The \$350 million contributions that are the focus of the lawsuit were part of payments made by Canada to settle a lumber-trade dispute in September 2006. The office of the U.S. Trade Representative picked timber groups to receive the donations that were part of an agreement called the U.S.-Canada Softwood Lumber Agreement.

The conservation groups allege that the way the money was distributed — without any public process or congressional approval and by having the Canadian government make the contributions — was a form of money laundering.

The actions violated federal appropriations laws because money owed to the United States in the settlement of a lawsuit is supposed to go directly to the U.S. Treasury, said Peter Goldman, director of the Washington Forest Law Center and lead attorney for this case.

The lawsuit seeks a declaration that the \$350 million should have gone through the U.S. Treasury, but does not request that the money be returned by the forestry foundations.

The lawsuit also requests a declaration that the Softwood Lumber Agreement was illegal under federal environmental laws and seeks an environmental analysis of the agreement.

The forestry foundations that received the money — the U.S. Endowment for Forestry and Communities and the American Forest Foundation — are not being sued and neither are the other organizations that benefited from the agreement.

The lawsuit does not challenge the way the rest of the settlement, which totaled \$1 billion, was distributed to other organizations, including Habitat for Humanity International and the Coalition for Fair Lumber Imports.

The conservation groups decided to challenge only the money given to the two forest foundations because that was the only part of the settlement that harmed the plaintiff organizations' interests, Goldman said.

The lawsuit names the office of the U.S. trade representative, U.S. Trade Representative Susan Schwab, the U.S. Commerce Department, Commerce Secretary Carlos M. Gutierrez, U.S. Customs and Border Protection, and W. Ralph Basham, commissioner of U.S. Customs and Border Protection.

Gretchen Hamel, a spokeswoman for the U.S. trade representative, said Friday that her office does not comment on pending litigation.

Brinkema called the process a breach of trust as well as a setback for healthy forests.

"In this new era of environmental responsibility, now is not the time to be breaking the law and diverting funds to timber-industry-dominated forestry organizations," Brinkema said.

The U.S. Endowment for Forestry and Communities was established in 2006 to spend money from the Softwood Lumber Agreement to promote and educate people about forest management and the sustainability of forests as sources of building materials, wildlife habitat, bio-energy and recreation, according to the nonprofit organization's Web site.

The American Forest Foundation is a nonprofit organization founded in 1981 to encourage forest sustainability and wildlife habitat and to educate the public about the social, economic and environmental benefits that forests provide.

The lawsuit also contends the U.S. trade representative was required by federal law to conduct an environmental review before distributing the timber settlement money in a way that benefits American forests.

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