

INVESTIGATING POWER



THE CENTER FOR PUBLIC INTEGRITY
PROGRESS REPORT, 2010-2011

BY THE NUMBERS

17 major investigative projects /
1,113 stories / **9,533,052** website page
views / **2,246,598** unique web visitors /
19,068+ Facebook fans / **11,362+**
Twitter followers / More than **6,354** citations in
print, electronic and broadcast media / **8** national
journalism awards / **1,055** individual donors to the
Center / **48** organizations supporting the Center /
3 paid fellows / **6** paid interns / **53** full-time
employees / **4** part-time employees



Bruce
Finzen



More than 20 years ago, when the Center for Public Integrity published its first investigation, the idea that a nonprofit investigative news organization would give away not only stories but also source material was simply implausible. Who could imagine that any newsroom would offer in-depth, expensive, complicated

investigative reports to other news outlets and not charge a penny? The only payment expected was that other media would cover the investigations and thereby expand the Center's reach and impact.

In today's vernacular, we would say that we wanted them to "go viral." And in many cases they did.

Today the rest of the world has caught up. Free information is everywhere, and even legacy journalism organizations have struggled with how to monetize content on the Internet. In 2005—when there was no public Facebook, no Patch, no Twitter, YouTube was brand new, and "viral" was a medical term—former Center Board Chair Charles Piller wrote, "Transparency has never had such a powerful ally as the Internet, a tool that we are continually looking to exploit in new ways."

As it turns out, Piller's observation cut two ways. The Internet has provided a goldmine of data and source material for the Center's ongoing, prize-winning investigative reports, and it has offered an unprecedented vehicle for the distribution of the Center's work.

This year, the Center fully embraced the digital news revolution. Thanks to a generous grant from the John S. and James L. Knight Foundation, 2011 saw the Center launch its innovative website, iwatchnews.org. It is part of a bold business plan, Center 2.0, that the Center Board adopted and implemented under the leadership of our executive director, Bill Buzenberg, and his dedicated staff. Today the Center boasts the largest investigative newsroom in the country, producing our trademark long-form investigative reports and our shorter accountability stories.

Perhaps most important, our nonpartisan work has produced concrete results. In 2011, Center investigative stories and reports have enjoyed prominent coverage in all leading newspapers, most broadcast media, and thousands of blogs across the planet. Central to our mission is the impact of our journalism in real terms: We helped spur the Education Department to change rules on how colleges address sexual assault; publicized a misguided government undercover gun program that led an agency chief to resign; and raised public and congressional ire over the poor condition of K-12 school buildings on U.S. military bases.

Thomas Jefferson observed, "The People cannot be safe without information. When the press is free, and every man is able to read, all is safe." Watchdog journalism is essential to a healthy democracy. The Center strives to inject truth into the public discourse through rigorously reported stories on abuses of power, corruption, and dereliction of duty by powerful public and private institutions.

Our task is more important than ever, and I am happy to report that the Center is healthy and well positioned to help safeguard the public interest for many years to come.

Bruce A. Finzen



LETTER FROM THE EXECUTIVE DIRECTOR

William E.
Buzenberg



Throughout 2011, the Center for Public Integrity's nonpartisan investigative reports seemed to be everywhere. That's no accident.

Our bylines appeared in *The Washington Post*, *Newsweek*, and *Politico*, along with citations in *The New York Times*, *The Wall Street Journal*, and such newspaper

groups as McClatchy and Gannett. Our work was featured on public radio—NPR, PRI, and APM; online at *The Huffington Post*; and on public television and the BBC. Our reporters showed up on ABC World News Tonight, and on CBS, NBC, CNN, MSNBC and Fox News.

Around the world, the Center's International Consortium of Investigative Journalists saw its reports published in the *Guardian* and *The Times of London*, *Le Soir* in Brussels, *El País* in Madrid, the *Hindustan Times* and *The Times of India*, *Folha de S. Paulo* in Brazil, *The Sydney Morning Herald*, and the *South China Morning Post* in Hong Kong.

We also partner with the 60 members of the Investigative News Network, which was launched with the help of the Center in 2009 and now distributes our work under an agreement with Reuters.

This impressive reach is part of the Center for Public Integrity's new strategy to harness the 24/7 digital news cycle. With our new approach we've raised our metabolism—producing both daily short-form accountability reports, which are often linked to ongoing news developments, and major in-depth investigative reports.

With the arrival of a new production platform and website design, we have tripled our web traffic since 2009 and more than doubled the number of unique visitors since 2010.

To help strengthen our newsroom, we added top editorial talent: Ellen Weiss, former senior vice president of news at NPR, is our new executive editor; Pulitzer Prize winner Jeffrey Smith from *The Washington Post* is managing editor for national security; Sandy Johnson, the former Washington Bureau Chief of the Associated Press, leads our Washington coverage. Gerard Ryle, the highly decorated deputy editor of *The Canberra Times* in Australia directs the international work of the ICIJ; Ronnie Greene from the *Miami Herald*, is one of our key environmental reporters; and Christine Montgomery from PBS.org is our chief digital officer.

We also added valuable editorial muscle in our merger with the *Huffington Post Investigative Fund*.

We are especially grateful to the John S. and James L. Knight Foundation for the Center's digital transformation, and Adessium Foundation of the Netherlands for crucial international support. Many other major funders and individuals have stepped in to make sure the Center remains robust as it transitions to its new business plan and begins to diversify its revenue streams. We thank many other key supporters such as the Grantham Fund for Environmental Journalism; the Ford Foundation; the Park Foundation; the John D. and Catherine T. MacArthur Foundation; and Omidyar Networks, which joined with the Rita Allen Foundation to support the Center's State Integrity Investigation—a corruption index for every state that rolls out in 2012.

With the strongest staff in our history, the newest digital platform, amazing partnerships and the widest possible distribution, the Center for Public Integrity is poised to achieve its full potential as conceived by founder Charles Lewis more than 22 years ago. We can do that only because of the generosity of our many funders, donors and members.

In addition, thanks are due to the Center's dedicated staffers, who make us one of the most talked about nonprofit investigative news organizations in the world.



▶ MONEY & POLITICS	4
▶ BUSINESS & FINANCE	6
▶ VIDEO STORYTELLING	8
▶ EDUCATION	9
▶ INTERNATIONAL CONSORTIUM OF INVESTIGATIVE JOURNALISTS ...	10
▶ HEALTH CARE	12
▶ ENVIRONMENT	14
▶ NATIONAL AFFAIRS	16
▶ INVESTIGATIVE NEWS NETWORK	16
▶ SOCIAL MEDIA	17
▶ UJIMA PROJECT	18
▶ NEW PROJECTS	19
▶ FINANCIALS	20
▶ FUNDRAISING	21
▶ DONORS	22
▶ A LOOK AHEAD: 2012	23
▶ AWARDS	23
▶ BOARD/ADVISORY COUNCIL	24
▶ MEDIA PARTNERS	25
▶ MISSION STATEMENT	26



A new **deluge of political money** has started.

The scandalous nexus of money and politics in Washington has been a Center focus since it opened its doors in 1989. The 2010 Supreme Court *Citizens United v. Federal Election Commission* decision raised the stakes. Corporations and individuals can now funnel unlimited money into activities directly supporting or opposing candidates—and they can do so anonymously.

The Independent Fundraising Gold Rush

Published one month before the 2010 midterm elections, this investigation by Peter H. Stone explored the new landscape of donor groups. Leading the trend is a cadre of well-connected Republicans that includes former George W. Bush administration officials, longtime party operatives and the leaders of groups from the pro-business U.S. Chamber of Commerce. Collectively, these organizations were poised to spend some \$300 million in ads and on-the-ground efforts to support GOP candidates in a variety of battleground states.

REACH: The story was featured on *The Rachel Maddow Show*, National Public Radio's *Fresh Air*, *Democracy Now!* with Amy Goodman, and PBS's *Need to*

“Congress and the White House are for sale. As the mainstream media focus ever more on the political horserace in Washington, the Center tracks the money and the influence it buys.”

—Sandy Johnson, managing editor, politics and government



Know. Additional stories were featured in more than 20 McClatchy newspapers and high-trafficked news sites, such as *CNN.com*, *Yahoo! News*, *MSNBC*, *economist.com*, *theAtlantic.com*, and *dailykos.com*. In all, the coverage was extensive enough to have reached a potential audience of more than 100 million readers and viewers.

Profiles in Patronage

Despite big promises, President Obama hasn't fared well keeping special interests out of government. The problem—as always in Washington—is elite treatment for big campaign contributors. Reporter Fred Schulte disclosed that Obama relied heavily on mega-donors





to propel his 2008 campaign across the finish line, and many fundraisers have shared in the spoils of victory. Some took jobs in pivotal federal agencies such as the Department of Justice, Department of Energy and the Federal Communications Commission, while others have served on influential advisory commissions and boards that meet periodically to help formulate policy. Two dozen have been appointed ambassadors to foreign countries.

Koch Industries

Koch Industries is the second-largest private company in America with annual revenues of at least \$100 billion. Its leaders, Charles and David Koch, are deeply involved in funding conservative and libertarian political causes. Given this unusual role, Center reporter John Aloysius Farrell has been keeping a close eye on the secretive company's lobbying activities in Washington. His reporting is based primarily on Koch Industries' federal filings.

Koch's Web of Influence

This investigation looked at the money Koch spends on lobbying and found the company's expenditures have soared 2,200 percent in recent years, from \$857,000 in 2004 to \$20 million in 2008. Koch dropped another \$20.5 million over the next two years to influence federal policy, as the company's lobbyists sought to mold, gut or kill more than 100 prospective bills or regulations.

Koch Fights 9/11 Chemical-Plant Safety Rules

Koch Industries, a leader of industry resistance to proposed post-9/11 antiterrorism safeguards at petrochemical plants, owns 56 facilities that use hazardous chemicals and thus put 4.8 million Americans who live nearby at risk. Schools, homes, hospitals, office



▲ Koch has deep pockets and powerful friends in Washington.

parks, churches, recreation areas, nursing homes and day care facilities dot the properties that surround the Koch plants.

IMPACT: Our Koch coverage shed new light on this powerful, news-averse company. In every case, Koch categorically refused to comment on the record in the Center's investigations. Instead, the company attacked us as "biased" but has never been able to dispute the veracity of our facts. Koch even launched a negative advertising campaign against the Center on Google.



Keeping an eye on **loan sharks**

The financial team grew larger at the beginning of 2011 with the addition of David Heath, a two-time Pulitzer Prize finalist from the Huffington Post Investigative Fund. Heath, along with reporters Michael

Hudson, Ben Hallman, and American University fellow Amy Biegelsen, supplied a mix of quick-hit accountability stories, plus long-term projects offering readers the Center's trademark in-depth, original investigations.

Betting on Justice: Borrowing to Sue

This joint investigation with *The New York Times* found that high-risk investors are increasingly bankrolling other people's lawsuits in the hope of sharing in potential winnings. The series showed how large banks and hedge funds that are hungry for new and lucrative investments are pumping hundreds of millions of dollars into medical malpractice claims, divorce battles and mass suits against pharmaceutical companies. Interest rates on loans to plaintiffs can exceed 100 percent and in many instances can eat up all of a legal award.

IMPACT: After the stories appeared, several states that were considering bills to ease restrictions on litigation finance companies either killed or delayed the legislation. The influential New York City Bar Association advised its members to warn clients about the dangers of borrowing money to pay for litigation, and the American Bar Association formed a panel to issue a new set of guidelines for lawyers.

Fannie, Freddie Were Followers, Not Leaders

The Center helped reshape the public debate by documenting how mortgages financed by Wall Street from 2001 to 2008 were four times more likely to be seriously delinquent than those backed by Fannie Mae



PHOTOS: ASSOCIATED PRESS

▲ A few eat steak. The rest end up on the horns.

and Freddie Mac. In refuting widespread assertions that Fannie and Freddie were “the main cause” of the financial crisis, our story was cited in the *National Law Review* and sparked copycat stories by other media organizations.

Debt Deception/Borrower Nightmares

This project launched in February 2011 to examine the ways that lenders allegedly exploit gaps in laws to make predatory and confusing loans. Most want to stay well out of reach of the new Consumer Financial Protection Bureau, which officially opened its doors in July 2011. Our reporters wrote more than a dozen stories for the project. Here are a few:



Tribal Payday Lenders

Our investigation found that lenders are affiliating with Indian tribes as a way to claim sovereign immunity from regulation and lawsuits. State regulators and consumer lawyers say that the payday-lender relationships with tribes are ruses designed to allow non-Native American companies to skirt consumer-lending laws. Some lenders keep little more than post-office box addresses on tribal land. Even worse, payday loans can carry annual interest rates of up to 1,200 percent.

The Center also collaborated with CBS News on the story on the king of payday lenders, Scott Tucker, an auto racer who our investigation revealed is an ex-convict who made his fortune running a controversial online payday-loan business. Regulators in five states have tried to shut down the outfit, which hides behind a labyrinth of shell companies located on Indian reservations.

Credit Unions Offering High-Cost Payday Loans

It isn't just fly-by-night online businesses that make high-interest payday loans to those least able to afford them. This investigation found that an increasing



“The public good doesn’t compute on Wall Street.

I talk to everyone—from the folks in charge to low-level employees who provide a clear view of how the financial system serves and protects its own interests.”

—Michael Hudson, financial reporter

number of credit unions, encouraged by federal regulators, are competing directly with traditional payday lenders, selling small loans at prices far higher than they are permitted to charge for any other product. These loans can top out with an effective annual interest rate of more than 100 percent.

Debt Settlement Scams

Debt settlement companies promise to help the more than 500,000 Americans who are enrolled in their programs to repair their credit and make good on outstanding bills. But some of these companies are exploiting a legal loophole that allows them to collect big fees from customers before the debt is resolved. Retired teacher Mary Linville claims she found herself in a bottomless debt mess when Morgan Drexen took \$7,000 from her checking account but never paid a cent to Discover, Bank of America, Lowe’s and most of her other creditors. Linville eventually filed for personal bankruptcy.

Real-life stories make video come **alive.**

A *Preventable Death* tells the chilling tale of a devastating 2010 explosion at the Tesoro oil refinery in Anacortes, Wash. The heat-exchanger rupture killed seven workers, including Matt Gumbel, who was catastrophically burned and lived 22 days in a coma before succumbing to his injuries. Worst of all, state regulators later determined that the accident could have been prevented if the company had properly tested its equipment. Authorities slapped Tesoro with 44 safety violations and proposed a \$2.4 million fine. “It’s a good-paying job,” said Matt’s heartbroken father, Paul, who also works at the refinery. “But is it worth your life?”

Coal Ash: One Valley’s Tale

This video reveals the environmental damage caused by Little Blue Run, a euphemistically named dump for toxic coal ash from nearby electric power plants. The sprawling storage reservoir, which sits



▲ The Gumbel family struggles with the death of a son and brother.

on the West Virginia/Pennsylvania border, has been leaking into the water supply and causing serious health problems for residents in nearby communities. “We get all the garbage,” says local Pamela Robeck, bitterly. “What’s it going to take—a whole city to die?”



ELLEN WEISS NAMED EXECUTIVE EDITOR

News veteran Ellen Weiss joined the Center as executive editor fall 2011. She oversees the Center’s domestic investigations and editorial staff. Weiss has deep journalism and management experience as former senior vice president of news at NPR. There Weiss managed 36 bureaus, more than 400 U.S. and international staffers and a \$75 million budget. Under Weiss’s leadership, the audience for NPR.org grew from 4 million unique monthly visitors in 2006 to 12 million in 2010. During that time, the audience for NPR’s news programs grew 10 percent, to more than 27 million weekly listeners.



Decrepit Schools, Broken Promises

This investigation found that three of every four schools on U.S. military bases attended by children of armed forces personnel are so decrepit they do not meet the military's standards. Roofs leak, drinking water is tainted and tiles regularly fall from ceilings. Cockroaches navigate walls and electrical sockets. Heat and air conditioning outages are commonplace, and overcrowding is so severe that one teacher held class in a boiler room. As military personnel face unprecedentedly long separations from their families, resulting in emotionally difficult transitions for children, the nation is failing to live up to its promise of providing a high-quality educational experience.

IMPACT: The story prompted nearly a dozen senators, including Mark Warner, D-Va., to officially ask Secretary of Defense Leon Panetta to make fixing base schools a top priority. Panetta responded, saying he would take a closer look to make sure the schools were up to standard. The piece prompted a rare, joint bipartisan press statement in support of repairing military schools by former Virginia governors Tim Kaine and George Allen.

REACH: Within a month of its release, the story was written about and broadcast by more than 50 media

Deep impact

SEXUAL ASSAULT ON CAMPUS

This investigation, unveiled with NPR in 2009, continues to have a profound impact, resonating throughout the media, on college campuses, in Washington, among law enforcement authorities, and in families.

The Center found that students perpetrating sexual assaults on campus often face little or no punishment from school judicial systems, while their victims' lives are frequently turned upside down. Most troubling was our discovery that schools try to obfuscate adjudication of sexual assault cases and often let serial offenders remain enrolled and on campus.

The investigation led the Obama administration to tighten existing regulations that specify how colleges report sexual assault under Title IX. "Rape is rape is rape," said Vice President Joe Biden in April, "and the sooner universities make that clear, the sooner we'll begin to make progress on campuses."

The story won the 2011 Robert F. Kennedy Journalism Award for exceptional reporting on human rights and social justice.



▲ Kristen Lombardi led the investigation

outlets, including *The Washington Post*, *Newsweek*, *Military Times* and several regional NPR affiliates. It was also featured in four newspaper editorials, and caught the attention of the Senate Military Family Caucus.

Education Inc.: Big Bets, Modest Payoff

Microsoft chairman Bill Gates, computer magnate Michael Dell, investor Eli Broad, and the Walton family of Wal-Mart fame have collectively poured some \$4.4 billion into school reform in the past decade through their private foundations. In a first-of-its-kind computer analysis, the Center examined the graduation rates and test scores in 10 major urban districts—from New York City to Oakland—which collectively took in almost one-fourth of the total amount contributed by these top four education philanthropists. For all of the millions spent on reforms, nine of the 10 school districts substantially trailed their state's proficiency and graduation rates—often by 10 points or more.



With 115 reporters in 50 countries, the International Consortium of Investigative Journalists is the world's largest network of cross-border reporters. Founded in 1997, ICIJ was launched as a project of the Center for Public Integrity to extend the Center's style of watchdog journalism, focusing on issues that don't stop at national boundaries.

In August 2011, ICIJ added 15 investigative journalists to its roster. The new members are based in 13 countries across three continents and represent decades of diverse journalism experience—from data specialists to stringers and investigative editors.

New ICIJ Director Gerard Ryle took the helm in September to lead a veteran team of editors in Washington. He has more than 25 years of experience as an investigative reporter and editor, and his work has won four Walkley Awards, the top Australian prize for journalism.

The Pearl Project



The 2002 kidnapping and murder of *Wall Street Journal* reporter Daniel Pearl is one of the most infamous journalist killings in history. Despite the white-hot media attention focused on the crime nearly a decade ago, key pieces of the story remained hidden until the release of *The Truth Left Behind: The Kidnapping and Murder of Daniel Pearl* in January 2011. Led by former *Wall Street Journal* reporter Asra Q. Nomani and Georgetown University Journalism Director Barbara Feinman Todd, a team of 32 students investigated the complex web of militants who orchestrated and carried out the plot that ended in Pearl's gruesome death in Karachi, Pakistan.

The three-year investigation, conducted by the Pearl Project and sponsored by Georgetown University and ICIJ, found that 27 men were likely involved in the kidnapping

and murder, but only four have been charged and convicted. Fourteen others who were probably part of the conspiracy remain free. The investigation also showed how Khalid Sheikh Mohammed was identified by American authorities as Pearl's killer through a technique known as "vein matching."

REACH: In the first five days after publication, the Pearl Project was featured in more than 150 U.S. and international media outlets, reaching a potential audience of more than 120 million people. Since then it has been covered by more than 250 media outlets around the world, including *The Wall Street Journal*, *The New York Times*, *The Washington Post*, the Associated Press, ABC News, CBS News, CNN, the *Today Show*, Agence France-Presse, *The Times of India*, and the Pakistani press.

Looting the Seas Part II

This year, a team of ICIJ reporters investigated the Spanish fishing industry's extraordinary political influence and criminal record. The sector has received nearly 6 billion euros in subsidies since 2000 to expand its capacity and global reach. But while European taxpayers foot the bill for a money-losing industry, Spanish fishing companies have cultivated an extensive record of flouting the rules.

ICIJ reporters documented the Spanish fishing industry's influence in Galicia, Madrid, and Brussels and followed those moneyed interests as far as Namibia and New Zealand. Our journalists combed through troves of

ICIJ found massive mislabeling of hake, a favorite fish, in Spanish supermarkets. ▼





Crime doesn't stop at national borders.

“Communities around the world face unprecedented threats from polluting industries, transnational crime networks, rogue states, and powerful figures in business and government. We strive every day to bring these vital stories to light.”

—Marina Walker Guevara,
deputy director, ICIJ



court records, investigative files, and subsidy data and analyzed just what taxpayers get in exchange for the billions of euros poured into the Spanish fishing fleet.

IMPACT: A leading supermarket in Spain pulled one ton of fish from the shelves after our DNA analysis found rampant mislabeling. The Spanish fishing industry could find no fault in our analysis but called the investigation “an explosive cocktail that damages the Spaniards.”

REACH: The investigation garnered widespread attention in *The Sunday Times*, *El País*, *El Mundo*, *EU Observer*, *The Huffington Post*, *Le Soir*, BBC, *Sydney Morning Herald*, *PRI*, and *The Namibian*.

Smoke Screen:

Big Tobacco's Global Lobbying Campaign

This investigation continued ICIJ's tradition of hard-hitting stories on the global trade in tobacco, which remains the world's No. 1 cause of preventable illness and death. The latest series chronicled a worldwide move by multinational tobacco companies to influence governments in developing nations and emerging markets, which provide the industry with a substantial portion of its revenue. *Smoke Screen* focused on five countries in the global fight over tobacco—India, Indonesia, Mexico, Russia, and Uruguay—and sparked coverage in six languages by more than 70 news outlets, blogs, and other media.

Interpol's Red Notices

Interpol helps police hunt down murderers, war criminals, child sex offenders, and wildlife poachers across borders. But an ICIJ investigation found that the cooperative law enforcement organization is also being used to round up opponents of notorious regimes. We analyzed a sample of 7,622 Interpol “Red Notices,” which are used to flag persons accused of crimes. About a quarter were from countries with restrictions on political rights and civil liberties. About half were from nations deemed corrupt by international transparency observers. Many of the targets have won political asylum. Complicating matters is Interpol itself. The organization offers little transparency into its operations and has no system for outside oversight.

REACH: The story gained wide coverage in international media, including Univision, CNN International Edition, *The Times of India*, and *Sri Lanka Mirror*. U.S. outlets: *USAToday*, *The Huffington Post*, and *AOL News*.

Billions are being wasted in **Medicare.**

Hardly is there an issue more critical to everyday Americans than health care reform. Each year, Americans spend \$8,648 per capita on health care, a figure that's expected to rise to \$13,708 by 2020. The landmark 2010 Patient Protection and Affordable Care Act was designed to reform a badly broken system, but uncertainties about it remain. Meanwhile, special interests expertly game the rule-making system, and waste, fraud, and abuse continue in the Medicare program.

Medicare Billing Data

The Center is analyzing more than 2 terabytes of Medicare billing data. To give some sense of scale: The information is represented in 840 million rows. Data Editor David Donald has been massaging this massive data set and turning up remarkable, exclusive stories on Medicare waste and fraud. Much more is to come as the Center continues to mine this treasure trove in the months ahead.

The Limits of Digital Mammography

Hospitals and clinics nationwide have spent billions converting their old, film-based mammography units since 2000, when General Electric released the first digital machine to the U.S. market. But experts say the newer technology has not improved breast cancer detection, particularly among women 65 and older. An analysis of a six-year sample of Medicare billing data obtained by the Center for Public Integrity and *The Wall Street Journal* shows that despite its lackluster performance, digital mammography has become the new standard of care in breast imaging for this age group. The transition has been expensive: The digital procedure is reimbursed by Medicare at the national rate of \$129, or 63 percent more than the reimbursement for a standard film mammogram.

Overused Cancer-Screening Tests

The Center has also found that certain cancer-screening tests are vastly over-prescribed, generating not only needless pain and suffering but extracting an enormous financial toll on the nation's health care



DECONSTRUCTING INSURANCE

Wendell Potter arrived in 2011 as the Center's first senior analyst. Potter brings unparalleled insight into the inner workings of the health insurance industry, how it massages public opinion and works behind the scenes to enrich shareholders while paying out the minimum in coverage. He should know—Potter held senior PR positions in the industry for two decades before becoming a whistle-blower in 2008.

Potter's twice-weekly columns deconstruct the insurance industry's game as it works to turn the new healthcare law to its advantage. The result: riveting copy that shows just how broken the American healthcare system is, why it got that way, and how citizens can stay vigilant to protect their own health interests.

His award-winning new book is titled *Deadly Spin: An Insurance Company Insider Speaks Out on How Corporate PR Is Killing Health Care and Deceiving Americans*.



system. Between 2003 and 2008, Medicare spent about \$1.9 billion on cancer screenings for people who were older than government-recommended age limits for such tests.

Doctors Group Sets Medicare Reimbursements

Working with the Medicare data also led the Center to a little-known group at the American Medical Association that has outsized influence on the way that doctors are reimbursed for medical procedures. The Specialty Society Relative Value Scale Update Committee has had powerful sway on Medicare payment rates. Since 1991, the RUC has submitted more than 7,000 recommendations to the Centers for Medicare and Medicaid Services on the value of physician work. CMS has overwhelmingly rubber-stamped RUC recommendations, accepting more than 94 percent. The opaque process is the focus of heavy lobbying from medical specialists who seek to maximize payments from the government.

Not every procedure is medically necessary. ►



DIVING INTO THE DATA

Data Editor David Donald spends much of his day poring over huge information sets, quietly scouring them for secrets. If a smoking gun is there, he has a track record of finding it.

Donald is an internationally recognized master of computer-assisted reporting, a rarefied realm of journalism that combines data-mining expertise and statistical analysis. He is currently churning through 2 terabytes of Medicare billing data for evidence of waste, fraud, and abuse.

Donald's tools are an SQL-based server to hold the data, a humble Excel spreadsheet—and years of experience. “Excel is a wonderful analytical tool that people take for granted,” Donald says.

Much of the challenge is cleaning and restructuring data so it can be easily queried. Duplicates? Try culling them from 1 billion billing records. Luckily, Donald has that part mostly automated. Still, the project is so daunting that other news outlets have inquired about the Medicare claims data and then begged off: “Most people look at a mountain of data and head for the door,” says Donald. “We find the stories in it.”

Green can cover a multitude of sins.

Fueling Fears

The nation's oil refineries are plagued by recurring equipment failures and sometimes-fatal fires, explosions, and chemical releases that in many cases could have been prevented. Documents and data, along with interviews of top safety officials and refining industry insiders, confirmed an array of contributing factors ranging from haphazard enforcement to resistance from a politically influential industry. The investigation also revealed that 16 million Americans live near 50 refineries that use lethal hydrofluoric acid—even though safer chemicals are available—and could be at risk during a mishap.

REACH: The story was featured in three reports on ABC, starting with ABC's *World News Tonight*, followed by a full segment on *Nightline*, and then a shorter segment on *Good Morning America*. It was also featured on *The Huffington Post*.

The Saga of Solyndra

The solar-energy company Solyndra filed for bankruptcy in fall 2011 and the FBI quickly raided its California offices. The events followed months of exclusive reporting by the Center's Ronnie Greene and his partner Matt Mosk of ABC News into how the company received \$535 million in taxpayer-funded loan guarantees. The company's largest

▼ Many American refineries are poorly maintained.



JOE PUTRELL



investor was a big fundraiser for the Obama 2008 campaign, George Kaiser. The administration enthusiastically backed Solyndra even when it became evident the Energy Department was supporting a troubled company. From a seemingly sweetheart loan rate of 1 percent to a site visit from President Obama, the Solyndra debacle exemplifies what can go wrong when politics, campaign cash, and insider favoritism lead to bad decisions by government officials.

IMPACT: Our early and exclusive coverage focused public attention on this little-known energy company and the ways in which Energy Department largesse benefited businesses connected to campaign bundlers. Congressional hearings followed, as both Republicans and Democrats sought to know more about the questionable relationship between the White House and Solyndra executives. The company's CEO, Brian Harrison, resigned.

REACH: Our work was heavily cited by media outlets, including *The New York Times*, Fox News, *USAToday*, *Marketplace Morning Report*, *TheStreet.com*, *Politico*, and *MSN Money*.

Toxic Air in American Communities

Twenty-one years after Congress passed the Clean Air Act amendments, aimed at controlling emissions of the 188 most toxic chemicals, many U.S. communities still suffer health problems from these compounds, which can cause cancer, reproductive problems and other maladies. This ambitious investigation, in partnership with NPR and reported through multiple stories, shows how both state and federal regulators have failed to rein in companies that foul the air and endanger public health. A special interactive page let readers identify the risks in their own neighborhoods.

"I've been writing about the environment, public health and safety for 33 years.

In my view, **too much reporting today—especially in Washington—focuses on political minutiae** or personalities. For me, writing about systemic issues that directly affect people's lives is far more gratifying and a greater public service."

—Jim Morris,
senior reporter

Green Bundler With the Golden Touch

Steve Westly is a well-connected California venture capitalist with investments in green businesses. He was also a leading campaign bundler for Barack Obama's 2008 presidential campaign. Since June 2009, four companies in Westly's venture firm's portfolio have received a total of more than half a billion dollars in loans, grants, or stimulus money from the Obama Energy Department. Westly's ability to straddle the worlds of big-time fundraising, government advising and private financing for start-up companies tells a larger story about how business and politicking intertwined at an Energy Department that was flush with \$35 billion in stimulus money.



Gunrunning by the ATF

Hoping to score a major prosecution of Mexican drug lords, federal prosecutors and the Bureau of Alcohol, Tobacco, Firearms and Explosives permitted more than 1,700 guns to be purchased and retained by suspected straw buyers in the U.S. with the expectation they might cross the border and possibly be used to commit crimes. The Center and its partner ABC News were among the first to report on the story with documents and exclusive interviews. The decision—part of an operation code-named “Fast and Furious”—was met by strong objections from some frontline agents who feared they were allowing weapons such as AK-47s to “walk” into the hands of drug lords and gun-runners. Indeed, scores of the weapons came back quickly traced to criminal activity, and several were found at the murder scene of Border Patrol Agent Brian Terry in December 2010.

IMPACT: The scandal snowballed and rapidly became an international incident as outraged Mexican authorities decried the program. Fast and Furious was shut down by the Justice Department after an investigation by its own inspector general and congressional hearings. In August 2011, ATF Acting Director Kenneth Melson resigned.

REACH: The story received huge play in the American media, including *USAToday*, *The Washington Post*, *The Wall St. Journal*, CBS Evening News, CNN, NPR, and Fox News. There was plenty of coverage in Mexico, as well: *El Tiempo*, *Proceso*, *El Mexicano*, and *Prensa Latina*.

The Manhattan Project That Bombed

In February 2006, with casualties mounting in Iraq and Afghanistan, the Pentagon created a program to find better ways to protect troops from roadside bombs. The Joint Improvised Explosive Device Defeat Organization staffed up with 1,900 employees and \$21 billion to spend.



INVESTIGATIVE NEWS NETWORK

The Center helped found the Investigative News Network in 2009 and works closely on investigative projects with its 60 members. Over the past year, we shared data and reporting expertise on stories ranging from cuts in state mental health budgets and oil refinery dangers to workplace safety. In return, numerous regional watchdog groups joined with us on investigations, providing a valuable local perspective on accountability. The Center looks forward to collaborating on many more investigations with this vital investigative news cooperative.

The Center found that after five years of work, hundreds of projects, and a blizzard of cash paid to some of America’s biggest defense contractors, the program has not found a better high-tech way to detect or defeat these so-called improvised explosive devices from a safe distance.

IMPACT: The U.S. Marine Corps ended a contract with Applied Energetics, a Tucson-based company featured in our original reporting. The contract was for a weapon designed to zap roadside bombs with bolts of lightning guided by ultra-short pulsed lasers. The company’s work on the weapon and similar systems has gobbled up \$54 million in federal funds since 2005.

Model Workplaces, Imperiled Workers

This investigation found that workers at plants billed as America’s safest are dying in preventable accidents: explosions, chemical releases, and machinery-related crushing and asphyxiation. There are 2,400 work sites across the country dubbed “model workplaces” by the federal government and exempted from regular inspections because of their commitment to safety. But since 2000, more than 80 workers have died at these locales, and even when investigators found serious safety violations, there have been few consequences for companies.



Social networks drive traffic.

The Center's social networks have significantly expanded over the past year. Since December 2010, our Facebook community has grown more than 45 percent and our Twitter following increased by 156 percent. As of October 2011, the Center's Facebook page had broken 10,000 "likes," and our @iWatch Twitter account logged more than 9,000 followers. The strength of our social media community has helped us engage our readers, solicit information from sources, and drive an increasing amount of traffic to our website. Referrals from Twitter and Facebook alone account for approximately 10 to 12 percent of our total traffic, making social media second only to Google in driving readers to our website.

Early adoption of a variety of social media tools has also put the Center ahead of the pack. Not only can users easily share our stories through a host of options for each article, but we're also working to incorporate social media more fluidly on our site. We can now embed tweets in our articles

New Chief Digital Officer Christine Montgomery and her web team. L to R: Erik Lincoln, Cole Goins, Montgomery, Sarah Whitmire, Ajani Winston. ▼

and topic areas and give users instant updates via Facebook when a new story is published on the topic of their choice.

The Center's partnership with the Public Insight Network at American Public Media provides many new opportunities to tap into the knowledge of citizens across the country and use their experiences to help inform our work. This year, we've used PIN in a variety of ways: to gain insight on how small donors in the 2008 election feel going into 2012; to hear about small-business owners' struggles obtaining health care; to collect consumers' "Borrower Nightmares" for our ongoing Debt Deception series; and to find sources for our Medicare investigations.

Public Insight Network®

facebook.

twitter



STIVE BARETT

A world of data at your fingertips.

Ujima means “sharing” or “cooperation” in Swahili. Ujima-Project.org is a repository of data from more than 100 official sources in 50 languages designed to help under-resourced investigative reporters around the world find out more about their own governments and industries. Despite advances by independent news media in developing nations, a striking lack of transparency is still too often the rule. Luckily, it turns out that economic, military, health, and international aid data are publicly available in the U.S., the E.U., and at the United Nations. The project seeks out hard-to-find data—in PDFs and in complicated formats—and makes them easy to access online.

In 2011, Ujima broadened its scope from providing information solely on African countries to offering selected data for every country in the world. The database has grown from 14 subject indicators to more than 200. Users can now find information ranging from kilowatt hours of hydroelectric production in India to bank-deposit interest rates in China. Ujima pulls data from many sources, including the U.N., the World Bank, the World Health Organization, the U.S. Department of Defense, the Stockholm International Peace Research Institute, and the World Resources Institute.

“There’s a data explosion coming and Ujima is in the sweet spot. We wanted **to create something that anybody can use.**”

—Nadi Penjarla,
Ujima project director



Ujima also trains journalists on the ground. Project Director Nadi Penjarla has traveled to Rwanda, Brazil and Taiwan to conduct data-analysis workshops, and more training trips are planned to other developing countries.



The screenshot shows the Ujima Project website. At the top left is the Ujima Project logo. To its right is a search bar with the text "Search by country" and a link "Find Records for United States". Below the search bar is a navigation menu with links: Home, About Us, Data Consulting, Training, Resources, Work with us, and Contact Us. On the left side, there is a "Data Explorer" section with a list of "Issues" including Economy, Annual Oil Imports, Debt, GDP, Privatization, Oil Exports to US, Environment, and Threatened Species. The main content area features a description of Ujima: "Ujima - whose name means 'collaboration' in Swahili - is a place where you can find well-sourced, public data from around the world. Scouring the websites of governments and international organizations for data, we collect, clean, and categorize data to make them easy for you to use." Below this is a "World Explorer" section with the text "Explore your world. Examine trends across multiple countries and over 200 indicators." On the right side, there is a "Select Language" dropdown menu and a "Powered by Google Translate" logo.



State Integrity Investigation

Some of the worst graft in America occurs at state capitals. The Center, Public Radio International, and Global Integrity have joined forces to create an ambitious risk analysis of corruption in all 50 state governments. We've hired a seasoned political reporter in each state capital to assess the existence and effectiveness of anti-corruption and government transparency measures, including political financing, civil service management, and state budget processes.

Raw Deal: How Wall Street and Washington Broke Faith With Working Families

Even before the Great Recession, America's poor and middle-class families struggled to maintain jobs and

benefits, reasonable hours, safe working conditions, retirement dreams, and the ability to cope with ever-rising costs and household debt. For three decades their wages have been close to frozen as wealth compressed into the top 1 percent of American households. This two-year investigation will dig deep and tell the stories of these working families.



“News media have cut back drastically on their coverage of state government.

We’re helping to turn the tide by focusing attention on the danger of corruption, waste, fraud, and abuse at all 50 statehouses.”

—Caitlin Ginley, program coordinator



Juvenile Justice

There are few problems more nettlesome than children caught in our criminal justice system. The goal of this two-year project is to bring a sophisticated journalistic analysis to existing research about violence, education, mental health, and legal systems as they relate to juvenile justice. The Center will report on the people both perpetrating and affected by juvenile crime and violence and disseminate its findings to local and national audiences. We also will examine the solutions advanced to address juvenile crime, look at the stakeholders backing often-competing priorities, and investigate the silent influencers behind the money that support these solutions.



YEAR ENDING DECEMBER 31, 2010

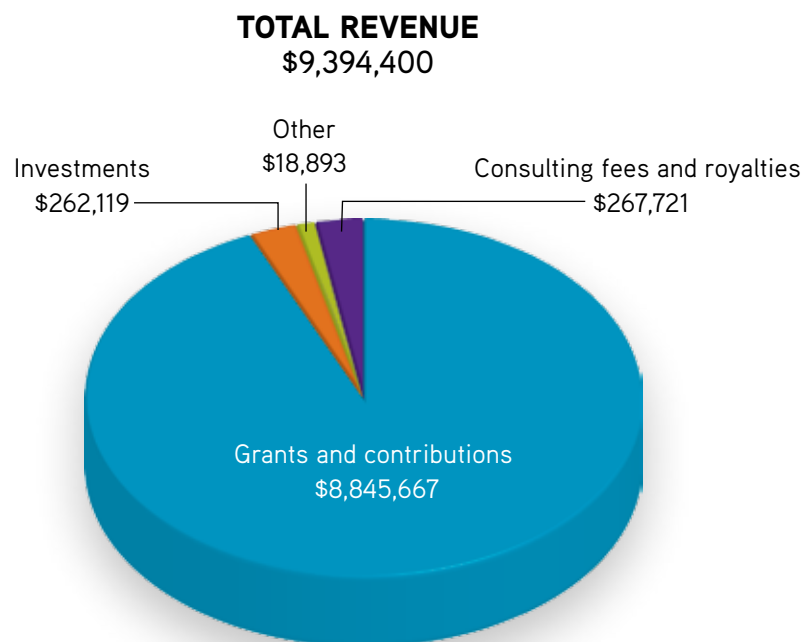
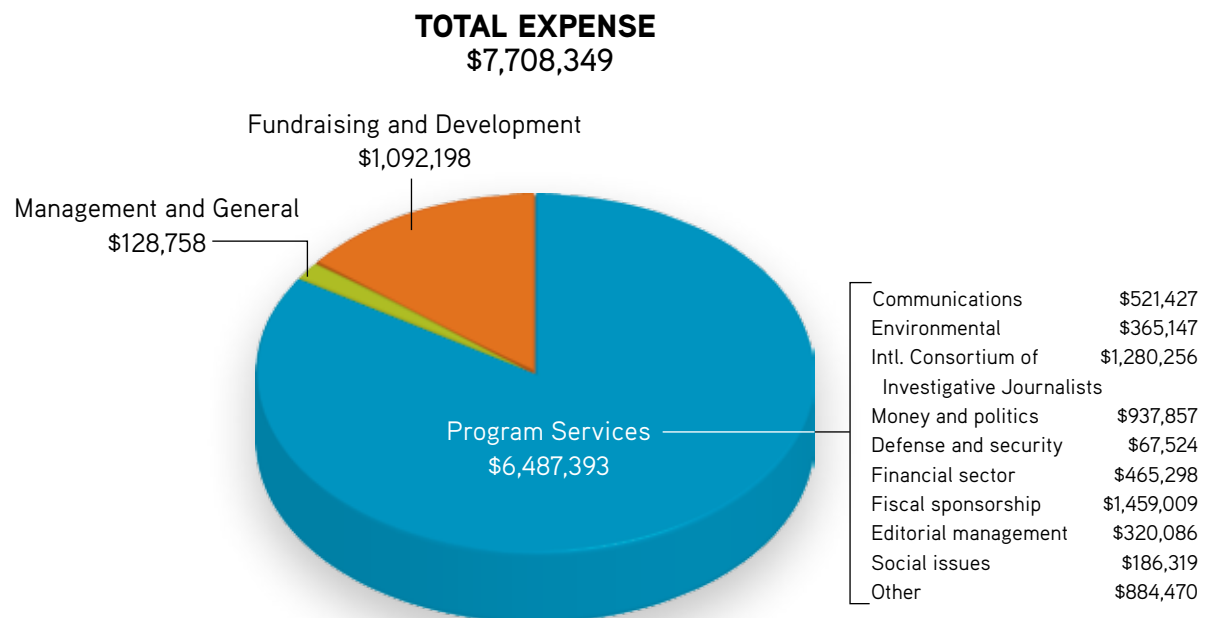
Figures are taken from 2010 audited financial statements.

A copy of the full audited statements is available upon request.

Change in Net Assets \$1,686,051

Net assets beginning of year \$7,234,407

Net assets end of year \$8,920,458





FOUNDATION FOCUS:

Pieter Stermerding



Investigative journalism doesn't stop at national borders. Adessium Foundation, based in the Netherlands, has donated \$1.8 million to the Center's International Consortium of

Investigative Journalists precisely for that reason.

"There are an increasing number of global, transnational issues that are complex, and it's limiting to look at them from a national perspective," says Adessium Managing Director Pieter Stermerding. "With the decline of traditional media, we felt that we needed to invest in independent reporting."

Adessium Foundation focuses its philanthropy on the following program sectors: an informed society, justice and security, and people and nature. The Center's work falls comfortably into the first area, says Stermerding. "There's a lot of information available, but most of it isn't based on independent, fact-based research. That's a missing element where ICIJ has a role to play."

Stermerding also wants to help engender more gumshoe reporting in Europe. "The U.S. has a strong investigative journalism tradition," he says. "We can learn from American experience and from the Center. Connecting that with vibrant networks of

investigative journalists around the world makes a very strong proposition."

FOUNDATION FOCUS:

Elizabeth Christopherson

The Rita Allen Foundation became a new supporter of the Center in 2010, donating \$500,000 to fund the State Integrity Investigation. It was one of the first major journalism grants from the foundation, which had previously supported biomedical research and the arts.

"Due to downsizing of traditional media, there is an enormous threat to civic literacy, citizen engagement, and our democratic process," says Rita Allen President and Chief Executive Officer Elizabeth Christopherson. "When facts become more elusive, this makes problem-solving much more difficult and especially dire given the complex crises in the public arena today."

With Rita Allen Foundation support, the Center is creating an ambitious corruption index of all 50 state governments. That means putting a seasoned reporter in every state capital to ferret out which are most at risk for waste, fraud, and abuse by government officials.

Why is Christopherson confident in supporting the Center for Public Integrity?

"CPI has a reputation for exceptional, thorough reporting on issues of significant public concern," she says. "The State Integrity Investigation is built on partnerships and collaborations to increase the impact of their work and our investment."

DONOR FOCUS:

Jimmy Janacek



Jimmy Janacek of El Paso, Texas, knows a thing or two about watchdogs. The retired CPA won his own whistle-blower case against Triton Energy Corp. in the early 1990s.

He refused to cook the books for the troubled company and ultimately won a sizeable monetary award

in court. Since then, he's been a cattle rancher and community activist.

The truth matters to Janacek. And he's seeing a lack of it in the news media these days. "I see newspapers doing less and less investigative reporting," he says. When Jimmy needs a dose of thorough, old-school journalism, he turns to the Center: "I see your organization as the premier investigative outfit."

FOUNDATION SUPPORT

*June 1, 2010–
September 30, 2011*

Adessium Foundation
American University
Associated Press
Belden, Russonello &
Stewart
Richard H. Driehaus
Foundation
The Victor Elmaleh
Foundation
Ethics and Excellence in
Journalism Foundation
FJC
Ford Foundation
Grantham Foundation for
the Protection of the
Environment
Grantham, Mayo, Van
Otterloo & Co. LLC
The Gunzenhauser-Chapin
Fund
Haas Charitable Trusts
Hamline University
The Huffington Post
Johns Hopkins School of
Public Health
Joyce Foundation
Christian Keesee Charitable
Trust
John S. and James L.
Knight Foundation
John D. and Catherine T.
MacArthur Foundation
The McCormick Foundation
Stewart R. Mott Foundation
The John & Florence
Newman Foundation

Oak Foundation
Omidyar Network
Open Society Foundations
Palantir Technologies Inc.
Park Foundation Inc.
Pew Charitable Trusts
Poppystone Foundation
Lynn R. & Karl E. Prickett
Fund
Public Broadcasting Service
Public Welfare Foundation
V. Kann Rasmussen
Foundation
Robins, Kaplan, Miller, &
Ciresi LLP Charitable
Foundation
Rockefeller Brothers Fund
Scherman Foundation Inc.
The Sunlight Foundation
Surdna Foundation
Vanguard Charitable
Endowment Program
Waterloo Foundation
The Whitehead Foundation

INDIVIDUAL SUPPORT

*June 1, 2010–
September 30, 2011*

Integrity Circle (\$10,000+)

Adrienne Arsht
Nancy L. Baker
Mary Bingham
Laurence Cohen
Dan Emmett
Joannie Fischer
Jimmy W. Janacek
Bevis Longstreth
Paula Madison

Craig Newmark
John E. Newman
Fred Stanback

Transparency Circle (\$1,000-\$9,999)

Liaquat Ahamed
Peter Allstrom
George Alvarez-Correa
Edith S. Bingham
Steven Bloom
William E. Buzenberg
Hodding Carter
Sheila S. Coronel
Charles Eisendrath
Bruce A. Finzen
Michael E. Gellert
Jordan L. Kaplan
David Kaplan
Kevin Klose
Jerry Knoll
Bill Kovach
Charles R. Lewis
Ivy Lewis
Donna Mae Litowitz
Susan Loewenberg
Olivia O. Ma
Bill H. Manning
Marc Miller
Carolyn M. Murphey
Jan Nicholson
Gilbert S. Omenn
Geneva Overholser
Karl Preissner
Myrta J. Pulliam
Michael Sonnenfeldt
Marianne Szegedy-Maszak
Paul A. Volcker
Janet Waddoups
William I. Witkin
Chic Wolk

Watchdog Circle (\$500-\$999)

Parks M. Adams
Leonard Bickwit
Mark Bisgeier
Mary T. Brennan
Lester Breslow
Marilyn C. Brown
James Callahan
Nicholas J. Clooney
Jonathan C. Coopersmith
Deborah A. Duffy
Jeffrey D. Eisenberg
Francis Hagan
Avram Hornik
Alex S. Jones
Marie Kireker
Andrew Kohut
William S. Lee
James J. Lippard
Luis Maldonado
Judy McAlpine
Pat McPeake
Molly E. Moore
Roger H. Mudd
Margaret L. Newhouse
Thomas R. Noland
Charles Piller
Ann T. Pincus
James Schroeder
Kathleen Selvidge
Nancy L. Shepherd
Robert C. Siegel
Hedrick L. Smith
James T. Thompson
Mark S. Thompson
Peter D. Thompson
Michael Tiemann
Rama Vemulapalli
Marvin F. Weissberg
Paulo S. Westbrook
Mary B. Williams



The next year will see the Center for Public Integrity continue to grow its online presence. The key to our future lies in delivering more exclusive stories, working with even more partners in the media, raising awareness of our work—and driving increased traffic to our website.

Enhanced Web traffic not only exposes new audiences to our journalism, it drives our sponsorship program and is the crux of the Center's strategy to convert readers into donors. To that end, we are pushing forward with a major membership campaign that uses the Web, e-mail, and other channels to grow our support base.

The Ujima platform of international information will officially launch to become a key resource for journalists—and others—worldwide. It will allow the Center to sell specialized services in addition to providing an open source of hard-to-get and hard-to-compare data.

In this new era of unlimited, secret political spending, there is no organization better suited to follow the

money during the 2012 election cycle than the Center for Public Integrity. For this election, we will return to a style of campaign finance reporting not seen since our best-selling *Buying of the President* series. Millions of anonymous dollars will flow from shady front groups to elect—or fell—candidates of both parties. It's a frightening prospect that can be countered only with truth and transparency.

Our *Consider the Source* project will identify the people and industries supplying the secret money that will flood the presidential and congressional elections. We will show how such funds are used to manipulate voters and corrupt the democratic process as the 2012 election becomes the most expensive, least transparent, and very likely dirtiest presidential campaign of the modern era.

The Center will also continue to work closely with its 60 partners in the Investigative News Network to strengthen regional and national watchdog reporting through collaboration and information sharing.

AWARDS

ROBERT F. KENNEDY CENTER FOR JUSTICE AND HUMAN RIGHTS

Winner: Robert F. Kennedy Journalism Award. *Sexual Assault on Campus: A Frustrating Search for Justice*. NPR and the Center for Public Integrity.

COLUMBIA UNIVERSITY GRADUATE SCHOOL OF JOURNALISM

Winner: John B. Oakes Award for Distinguished Environmental Journalism. *Dangers in the Dust: Inside the Global Asbestos Trade*. International Consortium of Investigative Journalists.

INVESTIGATIVE REPORTERS AND EDITORS

Winner: Partnership/Collaboration Category. *Dangers in the Dust: Inside the Global Asbestos Trade*. International Consortium of Investigative Journalists and BBC International News.

INVESTIGATIVE REPORTERS AND EDITORS

Winner: Tom Renner Award. *Looting the Seas: How Overfishing,*

Fraud and Negligence Plundered the Majestic Bluefin Tuna. International Consortium of Investigative Journalists.

OVERSEAS PRESS CLUB

Winner: Whitman Bassow Award. *Looting the Seas: How Overfishing, Fraud and Negligence Plundered the Majestic Bluefin Tuna*. International Consortium of Investigative Journalists.

RIDENHOUR BOOK PRIZE

First Place: *Deadly Spin: An Insurance Company Insider Speaks Out on How Corporate PR Is Killing Health Care and Deceiving Americans*. Wendell Potter.

DART CENTER FOR JOURNALISM & TRAUMA

Winner: *Seeking Justice in Campus Rapes*. NPR and the Center for Public Integrity.

PHILIP MEYER JOURNALISM AWARD

Winner: *Sexual Assault on Campus: A Frustrating Search for Justice*. Center for Public Integrity.



EXECUTIVE DIRECTOR

William E. Buzenberg

BOARD OF DIRECTORS

Chair

Bruce Finzen

Christiane Amanpour

Molly Bingham

William E. Buzenberg

Sheila Coronel

Alan J. Dworsky

Charles Eisendrath

Dan A. Emmett

Bruce Finzen

Arianna Huffington

Jennifer 8. Lee

Charles Lewis

Susan Loewenberg

Bevis Longstreth

Olivia Ma

Paula Williams Madison

Craig Newmark

Dr. Gilbert Omenn

Geneva Overholser

Frederic M. Seegal

Marianne Szegedy-Maszak

Matt Thompson

Treasurer

Ellen McPeake

ADVISORY COUNCIL

James MacGregor Burns

Geoffrey Cowan

Edith Everett

Gustavo Godoy

Josie Goytisolo

Herbert Hafif

Rev. Theodore Hesburgh

Kathleen Hall Jamieson

Sonia Jarvis

Harold Hongju Koh

John E. Newman

Michele Norris

Charles Ogletree

Charles Piller

Allen Pusey

Ben Sherwood

Paul A. Volcker

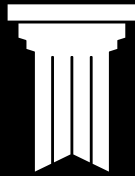
Harold M. Williams

William Julius Wilson



A few of **our media partners** around the globe





THE CENTER FOR
PUBLIC INTEGRITY

is one of the oldest and
largest nonpartisan,
nonprofit investigative news
organizations in America.
Our mission: to reveal abuses
of power, corruption and
dereliction of duty by powerful
public and private institutions
in order to cause them to
operate with honesty, integrity,
accountability and to put the
public interest first.

910 17th St N.W., 7th Floor
Washington, D.C. 20006

T +1 202-466-1300
F +1 202-466-1102

www.publicintegrity.org