

THE IRE JOURNAL

Spring 2009
Volume 32
Number 2

2008
IRE AWARD
WINNERS

ECONOMIC MELTDOWN



DOCTORS' SURVEY

Newspaper poll
shows physicians
angry at insurers

CELL PHONE FEES

Trace the cash
to uncover
odd spending

PARKING PASSES

Spreadsheet work
reveals abuses of
downtown permits

PLEASE HELP IRE OBTAIN A \$50,000 CHALLENGE FUND FOR JOURNALISM GRANT

At this crucial time for our industry and a challenging financial time for IRE, support for IRE's mission becomes more important than ever. IRE gives journalists the skills and tools that enable them to fulfill their watchdog role, and your contribution will assist in continuing these efforts.

Year after year, IRE works hard to raise the standards for reporting and editing, and to stay on the cutting edge of the best journalism techniques. Year after year, we help print, broadcast and online journalists throughout the world become better watchdogs for society. And year after year, IRE helps journalists keep governments, businesses and individuals accountable for their actions.

The \$50,000 grant will help IRE improve our Web site, with a focus on developing online training initiatives, and modernize our database systems to better deliver resources and services to our members.

What donations qualify for the program?

- If you've never given to IRE – or haven't made a donation in the past three years – anything you give will count toward our goal.
- If you are a recent donor, then we can still count anything you give if it's more than you've given in any of the past three years.
- Although the focus of the program is on individual donors, your contribution will qualify if you give through your family foundation or business. In addition, if your employer has a matching-gifts program, the corporate match will also count toward the challenge.
- Donations may be directed toward the IRE Endowment Fund, general operations and/or targeted programming.

What is IRE's challenge?

The Challenge Fund for Journalism V launched in August 2008. Fifteen journalism organizations, including IRE, were awarded a total of \$565,000 in challenge grants as part of the program; the organizations represent a broad range of sectors and interests.

IRE was given a \$50,000 grant and must raise \$75,000 in donations from individual donors by August 8.

How can you help?

If you are a current donor, then please consider giving \$50 to \$100 more than you've given in any of the past three years. The amount of the increase will count toward the challenge.

If it's been three years or more since you last donated to IRE, then please consider making a donation today. The full amount of your donation will count toward the challenge. Not sure when you donated last? Contact IRE development officer Jennifer Erickson to check the date of your most recent donation: 573-884-2222 or jennifer@ire.org.

If you know of someone who understands the importance of investigative and watchdog journalism, then please ask him/her to consider a donation to IRE.

How can I make a donation to support the challenge?

Please visit www.ire.org/donate to make your tax-deductible gift today to help IRE continue our critical work. Or you may send a check payable to "IRE" to: IRE, Missouri School of Journalism, 141 Neff Annex, Columbia, MO 65211. Please write "donation" in the memo field.

To learn more about the program, contact Jennifer Erickson at 573-884-2222 or jennifer@ire.org.

YES! I would like to support IRE.

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To pledge, check one of the boxes and sign your name:

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Payment Method:

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Please charge my credit card with the amount indicated: \$ _____ Visa MasterCard American Express

Account Number _____ Exp. Date _____ Signature _____

I would like my gift to benefit IRE in this way:

General operations

Endowment - general fund

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Name area _____

My company will match my contribution (For a list of matching participants, see www.ire.org/endowment/matching.html.)

CHECK BOX IF YOU DON'T WANT YOUR NAME DISCLOSED AS A DONOR.



Mail or fax this form to:

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From home foreclosures to executive pay, the United States' economic meltdown offers journalists much to investigate.

Photo by
Wendy Gray, *The IRE Journal*

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FROM THE IRE OFFICE

Inspiration in a sea of change

BY MARK HORVIT
IRE EXECUTIVE DIRECTOR

More than 100 journalists from ethnic media organizations gather in New York City to discuss better ways to cover immigration, the police and economic conditions in their neighborhoods.

About 60 journalists and students come together in Los Angeles to learn skills that will help them better cover their communities, with an emphasis on taking full advantage of the Internet for gathering and presenting news.

A student media center at the University of California-Santa Barbara devotes two days to sharpening investigative reporting skills.

More than 180 journalists, on both coasts, devoting their time to become better watchdogs. All through IRE.

And all on the same weekend.

Yes, these are challenging times for our industry and our organization. The economic realities are having an impact on IRE, and we're adjusting to deal with them (p. 12), as are newsrooms across the nation.

But these also are inspiring times.

In the 2008 IRE Awards (p. 6), the IRE Medal went to a TV station in New Orleans, a city still recovering from the devastation of Hurricane Katrina. Reporters facing some of the greatest economic challenges in our industry were recognized for their powerful work in Detroit. We honored a small newspaper in the Virgin Islands and collaborative efforts that brought together weeklies, dailies, broadcasters and nonprofit news-gathering operations. Online-only news organizations won two categories and shared in a third.

The awards went to organizations that investigated government corruption, miscarriage of justice, questionable police work, fraud and misuse of power, to highlight just a few. If the themes sound familiar, then that's part of the point: Even in tough economic times, IRE members continue to do the kind of work they've always done, for both traditional and new media.

This is also a busy time of year for IRE. Attendance at our regional workshops is, in many cases, surpassing similar events held a year ago. That includes a growing number of journalists from online-only organizations and specialty publications, bloggers and members of the ethnic media.

We recently wrapped up our annual Computer-Assisted Reporting Conference, where panels focused on how to best use current technology and what possibilities the future holds. We're preparing to gather in Baltimore in June for the annual IRE Conference (for all the details, go to www.ire.org and click on the conference logo at the top of the page). And we're taking our regional workshops and in-newsroom training all over the country.

We'll be taking more of our programming on the road in the coming year. As an example, members in the New York City region can attend one of our computer-assisted reporting boot camps in June (for more information, go to www.ire.org and click on the training link).

Yes, these are challenging times. But more than 1,500 journalists in the past year alone have devoted their time to IRE training and events because they are committed to improving themselves as reporters, editors and producers. We appreciate the commitment that each of them has made, and we will honor it with a commitment of our own to expand our reach and address the changing needs of our profession.

And that's the kind of challenge we are happy to accept.

Mark Horvit is executive director of IRE and the National Institute for Computer-Assisted Reporting. He can be reached at mhorvit@ire.org or 573-882-2042.

Amendment would remove educator limit on board

At the 2009 IRE Conference in Baltimore, IRE members will be voting on a proposed amendment to the organization's Articles of Incorporation to lift the restriction on the number of academic members who can serve on the board. Currently, only one member of the 13-member board may fall into this category. If this amendment passes, then there would be no limit. (There are currently no academic members of the board.)

The IRE Board of Directors recommends that the membership approve the proposal. "Journalism education is at the heart of IRE's mission," said Alison Young, board vice president and chair of the Member Services Committee. "Members should be allowed to choose the best available candidates for the board, and their votes should not be potentially negated by the restriction."

The proposal will be voted on June 13 at the annual membership meeting, prior to the election of six board members. If the proposal passes, then it would take effect immediately, and the academic restriction would be lifted for the board election later in the same meeting.

Read the full text of the proposed policy at www.ire.org/about/academicvote09.html. If you have any questions about the potential impact of this amendment on 2009 candidates, then please contact IRE Executive Director Mark Horvit at 573-882-1984.

A calendar and procedures for the board election are available at www.ire.org/about/procedures.html.

IRE members win Pulitzers

- **David Barstow** of *The New York Times* won the investigative reporting prize for revealing how retired generals who worked in television and radio were used by the Pentagon to promote the war in Iraq.
- The *Las Vegas Sun*, notably **Alexandra Berzon**, won the public service prize for investigating the high death rate among Las Vegas Strip construction workers.
- The *Detroit Free Press* staff, notably **M.L. Elrick** and **Jim Schaefer**, won the local reporting prize for work that led to the resignation and imprisonment of former Detroit Mayor Kwame Kilpatrick.
- **Ryan Gabrielson** and Paul Giblin of the *East Valley Tribune*, in Mesa, Ariz., won the local reporting prize for examining how a sheriff's focus on illegal immigration compromised investigations of violent crime.

MEMBER NEWS

Cecil Bothwell is the author of "Pure Bunkum: Reporting on the life and crimes of Buncombe County Sheriff Bobby Lee Medford" (Brave Ulysses Books).

Debbie Cenziper and **Sarah Cohen** of *The Washington Post* won the Goldsmith Prize for Investigative Reporting for "Forced Out," a series that examined the victims of the real estate boom in Washington, D.C.

Bryan Christy's book "The Lizard King: The True Crimes and Passions of the World's Greatest Reptile Smugglers" received Editor's Choice recognition in the November/December 2008 issue of *Audubon*.

Brian Donovan is the author of "Hard Driving," a biography of NASCAR's first black driver, Wendell Scott.

Meg Kissinger, Susanne Rust and **Cary Spivak** of the *Milwaukee Journal Sentinel* won the John B. Oakes Award for Distinguished Environmental Reporting.

Kirsti Marohn and **Mackenzie Ryan** of the *St. Cloud Times* won first place in the Minnesota Newspaper Association's Better Newspaper Contest in the best investigative reporting category for dailies.

Brian Morelli and Lee Hermiston of the *Iowa City Press-Citizen* were awarded the Iowa State Associated Press Managing Editors First Amendment Award, the Iowa Newspaper Foundation's Harrison "Skip" Weber investigative reporting award and an APME investigative reporting award for their coverage of an alleged sexual assault involving University of Iowa football players.

Sandra Peddie and Eden Laikin of *Newsday* won the 2009 Selden Ring Award for Investigative Reporting.

Charles Piller and Doug Smith of the *Los Angeles Times* received the 2008 Communications Award of the American Society of Tropical Medicine and Hygiene for "Unintended Victims of Gates Foundation Generosity."

Karyn Spencer of the *Omaha World-Herald* won the 2009 Al Nakkula Award for Police Reporting for "Fatal Flaws," a look at problems with death investigations in Nebraska.

Marilyn Thompson is now *The Washington Post's* deputy assistant managing editor for national news.

The following members received George Polk Awards: **Ken Armstrong** of *The Seattle Times* for "Victory and Ruins"; **David Barstow** of *The New York Times* for "Message Machine"; **Richard Behar** for "China Storms Africa" in *Fast Company*; **Adam Davidson** of National Public Radio and Alex Blumberg of "This American Life" for "The Giant Pool of Money"; **M.L. Elrick** and **Jim Schaefer** of the *Detroit Free Press* for work that led to the resignation and imprisonment of former Detroit Mayor Kwame Kilpatrick; **Ryan Gabrielson** and Paul Giblin of the *East Valley Tribune* in Mesa, Ariz., for "Reasonable Doubt"; **Solly Granatstein**, Scott Pelley and Nicole Young of CBS News "60 Minutes" for "The Wasteland"; **Meg Kissinger** and **Susanne Rust** of the *Milwaukee Journal Sentinel* for "Chemical Fallout: A Journal Sentinel Watchdog Report"; and **Eric Nalder** of the *Seattle Post-Intelligencer* for "Demoted to Private: America's Military Housing Disaster."

The following IRE members won John Jay College of Criminal Justice awards: **Eric Nalder, Daniel Lathrop** and Lewis Kamb of the *Seattle Post-Intelligencer* for "The Strong Arm of the Law"; and **Christine Young** of the *Times Herald-Record* in Middletown, N.Y., for "I Didn't Do That Murder: Lebrew Jones and the Death of Micki Hall."

The following members received Midsouth Regional Emmy awards: **Jeremy Finley** of WSMV-Nashville for "The Young and the Lawless"; **Bryan Staples, Phil Williams** and Kevin Wisniewski of WTVF-Nashville for "Stories of Abuse"; Staples and Wisniewski and Jennifer Kraus for "An Alarming Failure."

The following members were honored by the National Awards for Education Reporting: **Brad Heath** and **Blake Morrison** of *USA Today* for "The Smokestack Effect"; **Jeremy Rogalski**, David Raziq and Keith Tomshe of KHOU-Houston for "A Dangerous Lesson."

The following members won National Journalism Awards: **John Burnett** and others at National Public Radio for "Dirty Money"; **Josh Margolin** and **Ted Sherman** of *The Star-Ledger* in Newark, N.J., for "Big Time, Big Costs: The high price of Rutgers sports."

IRE MEDALS

The highest honor IRE can bestow for investigative reporting is the IRE Medal.

THIS YEAR'S MEDAL WINNER IS:

NOAH Housing Program — WWL-New Orleans; Lee Zurik

SPECIAL AWARDS

The IRE Medal is also awarded to winners of two special award categories:

RENNER AWARD:

Tobacco Underground — The International Consortium of Investigative Journalists and the Center for Public Integrity; Stefan Candea, Duncan Campbell, Te-Ping Chen, Gong Jing, Alain Lallemand, Vlad Lavrov, William Marsden, Paul Cristian Radu, Roman Shleynov, Leo Sisti, Drew Sullivan, Marina Walker Guevara, Kate Willson, David E. Kaplan

FOI AWARD:

The E-mail Trail — KTRK-Houston; Wayne Dolcefino, Steve Bivens, David DeFranchi

IRE CERTIFICATES

NEWSPAPERS

CIRCULATION OVER 500,000 AND WIRE SERVICE: (Two certificates awarded)

A Mayor in Crisis — *Detroit Free Press*; Jim Schaefer, M.L. Elrick, David Zeman, Jennifer Dixon and Dawson Bell, with contributions from Free Press staff

Guantanamo: Beyond the Law — McClatchy; Tom Lasseter, Matthew Schofield

CIRCULATION 250,000-500,000:

Culture of Resistance — *The Seattle Times*; Michael J. Berens, Ken Armstrong

CIRCULATION 100,000-250,000:

Chauncey Bailey Project — *Oakland Tribune*/Chauncey Bailey Project; Thomas Peele, Mary Fricker, Bob Butler, A.C. Thompson, Josh Richman

CIRCULATION UNDER 100,000:

Hospital Corruption — *Virgin Island Daily News*; Tim Fields, Joy Blackburn

LOCAL CIRCULATION WEEKLIES:

Hear No Evil, Smell No Evil — *Fort Worth Weekly* and the Center for Public Integrity; Joaquin Sapien, Ben Welsh

TELEVISION

NETWORK/SYNDICATED:

The Wasteland — CBS News-60 Minutes; Jeff Fager, Bill Owens, Scott Pelley, Solly Granatstein, Tom Honeysett, Claudia Weinstein

TOP 20 MARKETS:

Contaminated Water — KNBC-Los Angeles; Joel Grover, Matt Goldberg

BELOW TOP 20 MARKETS:

NOAH Housing Program — WWL; Lee Zurik

OTHER MEDIA

MAGAZINE/SPECIALTY:

Cyber-War — *BusinessWeek*; Keith Epstein, Brian Grow, Ben Elgin, Cliff Edwards, Chi-Chu Tschang

RADIO:

36 Years of Solitary: Murder, Death and Injustice at Angola — NPR; Laura Sullivan, Amy Walters, Steven Drummond

ONLINE:

The Redevelopment Investigation — voiceofsandiego.org; Will Carless, Rob Davis, Andrew Donohue

BOOK:

The Shadow Factory by James Bamford

SPECIAL CATEGORIES

STUDENT: (All Media)

Sexual Harassment at UGA — *The Red and Black*; Kristen Coulter, Brian Hughes, Carolyn Crist, Melissa Weinman, Matthew Grayson

2008 IRE Awards winners



Complete list of 2008 IRE Award Winners and Finalists

NEWSPAPERS

LARGEST NEWSPAPERS (circulation more than 500,000) or wire service:

CERTIFICATES:

A Mayor in Crisis — *Detroit Free Press*; Jim Schaefer, M.L. Elrick, David Zeman, Jennifer Dixon and Dawson Bell, with contributions from *Free Press* staff

Judges' comments: *Detroit Free Press* reporters Jim Schaefer and M. L. Elrick spent four years trying to get text messages that Detroit's mayor exchanged with his top aide, eventually breaking stories of their affair, exposing perjury, and the expenditure of \$9 million of taxpayer money spent to cover up wrongdoing and vast corruption in the Kwame Kilpatrick administration. Through careful analysis of public records obtained under the Freedom of Information Act, the reporters verified a trove of text messages and then, with the aid of other *Free Press* reporters, methodically demolished the mayor's carefully built façade of lies, pay-offs and cronyism – a compelling example of investigative reporting's ability to reveal abuses of power.



Guantanamo: Beyond the Law — McClatchy; Tom Lasseter, Matthew Schofield

Judges' comments: McClatchy Washington Bureau reporters Tom Lasseter and Matthew Schofield invested extensive time and resources to track down 66 Guantanamo detainees in 11 countries on three continents over eight months to expose abuses at the Guantanamo Bay prison. Their lengthy interviews, in often dangerous places, allowed the American public to find out what really happened at Gitmo and other American detention camps. Equally impressive was the commitment of the newspaper chain: The thorough findings in a five-part series were published on the front pages of 25 McClatchy newspapers.



FINALISTS:

- Careless Detention — *The Washington Post*; Amy Goldstein, Dana Priest
- Neighborhoods for Sale — *Chicago Tribune*; Dan Mihalopoulos, Robert Becker, Todd Lighty, Darnell Little, Laurie Cohen
- Broken Markets: The Panic of 2008 — *The Wall Street Journal*; Carrick Mollenkamp, Susanne Craig, Jeffrey McCracken, Jon Hilsenrath, Susan Pulliam, Serena Ng, Randall Smith, Aaron Lucchetti, Kara Scannell, Liz Rappaport, Jenny Strasburg, Tom McGinty, Liam Plevin, Kate Kelly, Ellen E. Schultz

LARGE NEWSPAPERS (circulation 250,000-500,000):**CERTIFICATE:**

Culture of Resistance — *The Seattle Times*; Michael J. Berens, Ken Armstrong

Judges' comments: Through their skillful reporting, Berens and Armstrong exposed a silent killer epidemic of the antibiotic resistant bacteria known as MRSA, which Washington state hospitals ignored for decades. The reporters analyzed millions of computerized hospital records, death certificates and created their own database to uncover nearly 700 previously undisclosed deaths attributed to the infection. Families were never informed that MRSA was the cause of death. Their extensive analysis provided the first accounting of MRSA infections in Washington hospitals. Because of their investigation, MRSA infections are now being counted and legislators have proposed requiring a \$20 MRSA test for all vulnerable patients.

**FINALISTS:**

- Social Security Backlog — *The (Portland) Oregonian*; Brent Walth, Bryan Denson
- Nail Gun Safety Under Fire — *The Sacramento (Calif.) Bee*; Andrew McIntosh, Amy Pyle, Nathaniel Levine, Mitchell Brooks, Andy Alfaro, Hector Amezcua, Dan Nguyen
- Mistaken Identities — *Dallas Morning News*; Steve McGonigle, Jennifer Emily
- The Protected — *Orange County (Calif.) Register*; Jennifer Muir

MEDIUM NEWSPAPERS (circulation 100,000-250,000):**CERTIFICATE:**

Chauncey Bailey Project — *Oakland Tribune*/Chauncey Bailey Project; Thomas Peele, Mary Fricker, Bob Butler, A.C. Thompson, Josh Richman

Judges' comments: Under the most difficult of circumstances, the reporters exposed deep flaws in the police investigation of the murder of journalist Chauncey Bailey. Through tenacious reporting and deep source development, Chauncey Bailey Project reporters Thomas Peele, Mary Fricker, Bob Butler, Josh Richman and A.C. Thompson reported on a stunning videotape linking someone to the murder, yet the individual has not been charged in the case and the evidence has been seemingly overlooked or dismissed by police. The project, a collaboration of more than 20 news organizations and journalism nonprofit groups, began in 2007 to pursue an investigation Bailey started. The trail continuing in 2008 with reporters looking more directly into a probe of Bailey's slaying and possible police obstruction of a local organization. The investigation was published in papers owned by the Bay Area News Group, primarily the *Oakland Tribune*, and aired on KTVU, which is participating in the project. (The Chauncey Bailey Project has received support from The John S. And James L. Knight Foundation, The Newspaper Guild, Sigma Delta Chi, the National Association of Black Journalists, George Washington Williams Fellowship and the University of California, Berkeley, Graduate School of Journalism.)

**FINALISTS:**

- A Troubled Diagnosis — *Asbury Park (N.J.) Press*; Alan Guenther, Paul D'Ambrosio, Keith Newman
- Mental Disorder: The Failure of Reform — *The News and Observer* (Raleigh, N.C.); Pat Stith, Michael Biesecker, Lynn Bonner, David Raynor, Steve Riley, Brooke Cain
- Broken Families, Broken Courts — *San Jose Mercury News*; Karen de Sá
- Las Vegas Construction Deaths — *Las Vegas Sun*; Alexandra Berzon, Drex Heikes

NEWSPAPERS (circulation under 100,000):**CERTIFICATE:**

Hospital Corruption — *Virgin Island Daily News*; Tim Fields, Joy Blackburn

Judges' comments: Reporters Joy Blackburn and Tim Fields took on one of the island's most powerful institutions, the Charlotte Kimelman Cancer Institute, which opened with great promise but ultimately became a financial spigot for its administrators. Through source development and relentless reporting, the paper's stories led to the ouster of several executives. One former executive took a top job at Memorial Regional Hospital in Broward County, Florida, but resigned when his prior criminal background came to light. The report is a clear example of journalism with impact for its community.

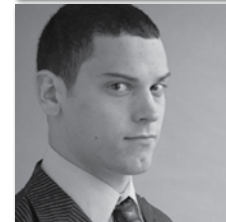
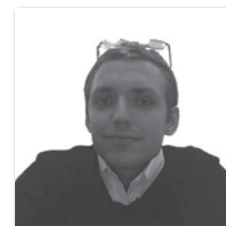
**FINALISTS:**

- University of Iowa sexual assault investigation — *Iowa City Press-Citizen*; Brian Morelli, Lee Hermiston
- Reasonable Doubt — *East Valley Tribune* (Mesa, Ariz.); Ryan Gabrielson, Paul Giblin
- Academics and Athletics at Michigan — *Ann Arbor (Mich.) News*; Jim Carty, John Heuser, Nathan Fenno, Dave Gershman, Pete Bigelow
- Sex Ghetto Raided — *The Crusading Guide*; Anas Aremeyaw Anas

LOCAL CIRCULATION WEEKLIES:**CERTIFICATE:**

Hear No Evil, Smell No Evil — *Fort Worth Weekly* and the Center for Public Integrity; Joaquin Sapien, Ben Welsh

Judges' comments: In a story published in the *Fort Worth Weekly*, Joaquin Sapien and Ben Welsh of the Center for Public Integrity exposed environmental abuses by Texas energy producer TXU by analyzing more than 25 million EPA emissions records over 10 years. The report found an ongoing trail of emission violations and emission levels more than eight times the federal limit for sulfur dioxide. In community, they tracked down local families suffering from respiratory ailments. But the self-reporting by TXU meant the energy giant was penalized just once for \$720.

**FINALISTS:**

- Prescription for Disaster — *Phoenix New Times/Village Voice Media*; John Dickerson
- Arpaio Jails — *Phoenix New Times/Village Voice Media*; John Dickerson
- Prison Cover-up — *Houston Press/Village Voice Media*; Chris Vogel

TELEVISION

NETWORK/SYNDICATED:

CERTIFICATE:

The Wasteland — CBS News-60 Minutes; Jeff Fager, Bill Owens, Scott Pelley, Solly Granatstein, Tom Honeysett, Claudia Weinstein

Judges' comments: Exposing themselves to extraordinary personal risk, Scott Pelley, Solly Granatstein and the "60 Minutes" team tracked a container full of recycled electronic waste from Denver to a small town in China, where they discovered archaic methods of breaking apart America's old computers, televisions and electronic equipment. The outrageous environmental conditions in the village included a river filled with toxic chemicals, children suffering from lead poisoning and pregnant women six times more likely to miscarry. Despite being forced from town by thugs protecting the dump, the crew returned to finish the story. The city of Denver canceled the contract with the recycler, and the EPA opened an investigation of other companies suspected of shipping old electronics to toxic dumps overseas.

FINALISTS:

- Hurricane Giveaway — CNN; Abbie Boudreau, Scott Zamost, Patricia DiCarlo, Scott Matthews, Rich Brooks, Sean Sullivan, Mark Biello
- The Forgotten — NBC News - Dateline; Ann Curry, Tim Sandler, David Corvo, Elizabeth Cole, Allan Maraynes, Paul Nichols, Cristina Boado, Zoran Stanojevic, Diane Chang, Mike Simon, Robert Lapp
- Brian Ross Investigates: America's Corporate Royalty — ABC News; Brian Ross, Rhonda Schwartz, Joseph Rhee, Maddy Sauer, Avni Patel

TOP 20 MARKETS:

CERTIFICATE:

Contaminated Water — KNBC-Los Angeles; Joel Grover, Matt Goldberg

Judges' comments: Joel Grover and Matt Goldberg embarked on an exhaustive investigation after getting a tip from a parent that students were told not to drink from a Los Angeles elementary school's water fountain because it contained lead. To see if the problem was widespread, the journalists tested the water at numerous LA schools and found lead levels higher than the EPA standard. The reporters also went undercover for

days to capture janitors falsifying records saying they had flushed fountains daily to protect children from lead exposure. This explosive eight-month investigation set off a firestorm and held school officials accountable for breaking promises time and time again. The results: The district tested the water at all schools and replaced lead pipes to provide safe drinking water for children.



FINALISTS:

- Juiced in the Valley — KNXV-Phoenix; Josh Bernstein, Dan Siegel, Susan D'Astoli, Erin Gramzinski, Darren Bailey, Vivek Narayan
- The E-mail Trail — KTRK-Houston; Wayne Dolcefino, Steve Bivens, David Defranchi
- A Dangerous Lesson — KHOU-Houston; Jeremy Rogalski, Keith Tomshe, David Raziq
- Rejecting the Vote — KHOU-Houston; Mark Greenblatt, David Raziq, Keith Tomshe



BELOW TOP 20 MARKETS:

MEDAL:

NOAH Housing Program — WWL-New Orleans; Lee Zurik
Judges' comments: In a rolling investigation of 50 television segments, WWL-TV of New Orleans uncovered corruption in a city agency charged with helping rebuild homes in the wake of Hurricane Katrina. Following a source's tip, reporter Lee Zurik and his team examined New Orleans Affordable Housing records and found that money was paid to contractors to repair homes that never received any improvements—or didn't exist at all. WWL's investigation found close ties between agency managers, Mayor Ray Nagin, and the contractors doing the alleged improvements. The journalist stuck to the story in the face of public intimidation and strong initial denials by Nagin. In court, WWL forced the city to disclose agency records. The results were impressive: The program was suspended, the employees were fired and a federal grand jury launched an investigation.



FINALISTS:

- Broken Buses; WTHR-Indianapolis; Bob Segall, Bill Ditton, Toby Capion, Holly Stephen
- Lead in Dental Work; WBNS-Columbus, Ohio; Lindsey Seavert, Bill Reagan, Joel Chow, Karen Salajko, John Cardenas
- Ghost Drivers; WTHR-Indianapolis; Sandra Chapman, Steve Rhodes, William C. Ditton

OTHER MEDIA

MAGAZINE/SPECIALTY PUBLICATION:

CERTIFICATE:

Cyber-War — *BusinessWeek*; Keith Epstein, Brian Grow, Ben Elgin, Cliff Edwards, Chi-Chu Tschang

Judges' comments: More frightening to read than a modern techno-thriller novel, *BusinessWeek's* real-life series of stories on the growing cyber-war between East and West rivets the reader with dozens of breaches in American security networks. The writers pieced together seemingly unconnected online security problems at several federal departments to reveal a wide-scale problem. Working at levels where government security made reporting extremely difficult, the stories resulted in a change in Pentagon contracting policy and briefing procedures for military and intelligence officials. The series shows work on a global scale that reaches the highest levels of government policy.

FINALISTS:

- Broken Promises — Bloomberg News; William Selway, Martin Z. Braun
- Way Ahead of the Curve — Bloomberg News; David Evans
- The Subprime Wolves are Back — *BusinessWeek*; Chad Terhune, Robert Berner
- (Dis)Service: Fallen & Forgotten — *The Chicago Reporter*; Fernando Diaz, Madelaine Burkert, Alex G. Campbell, Tatiana Granados, Matthew Hendrickson, Lourdes G. Vazquez, Beth Wang

BOOK:

CERTIFICATE:

The Shadow Factory by James Bamford

Judges' comments: James Bamford does it again – and wins his third IRE Award — for the latest exposé of the National Security Agency. No journalist has invested more time scrutinizing the NSA, one of the most secretive agencies in the world. Among his findings, Bamford reveals that the agency had been targeting the Yemeni home that served as Osama bin Laden's operations center prior to 9/11 but had never told the FBI that the al-Qaida terrorists were there. This is journalism that influences the national conversation on a vital topic, and Bamford has demonstrated an unparalleled ability to penetrate the most secretive of institutions.

FINALISTS:

- The War Behind Me by Deborah Nelson
- Zero Day Threat by Byron Acohido and Jon Schwartz

RADIO:**CERTIFICATE:**

36 Years of Solitary: Murder, Death and Injustice at Angola — NPR; Laura Sullivan, Amy Walters, Steven Drummond

Judges' comments: Acting on a tip, NPR reporter Laura Sullivan spent months investigating the 1972 murder of an Angola prison guard Sullivan dug through public records and patiently persuaded prisoners, guards and others who had long kept quiet to open up about the murder. The reporters turned up such compelling new evidence that the guard's widow now doubts that two men who spent 36 years in solitary were even involved in the crime. In a graceful and compelling way, Sullivan tells a chilling tale of injustice.

FINALISTS:

- Natural Gas Drilling: Is New York Ready? — WNYC; Ilya Marritz, Abraham Lustgarten, Andrea Bernstein; Karen Frillmann
- Dirty Money — NPR; John Burnett, Marisa Penalzoza, Quinn O'Toole
- Witnesses Wait — Public Radio International; Ingrid Lobet
- Putting Tasers to the Test — CBC; Sandra Bartlett, Frédéric Zalac, Sue Bailey, Jim Bronskill, Susanne Reber, Phil Harbord, David McKie, Alex Shprintsen, Kevin Wiltshire, Darlene Parsons, Kris Fleerackers, Georges Laszuk

ONLINE:**CERTIFICATE:**

The Redevelopment Investigation — voiceofsandiego.org; Will Carless, Rob Davis, Andrew Donohue

Judges' comments: Voiceofsandiego.org reporters Will Carless, Rob Davis and Andrew



Donohue work for a new breed of news organization, but have executed with aplomb a classic old-style investigative story of civic graft, insider dealing and taxpayer abuse. Working for the nascent online news publication, the reporters exposed the questionable activities of two multimillion-dollar San Diego redevelopment agencies. The rolling yearlong investigation ultimately forced out the presidents of the agencies and prompted criminal investigations and reforms.

FINALISTS:

- Tobacco Underground series — The International Consortium of Investigative Journalists and the Center for Public Integrity; Stefan Candea, Duncan Campbell, Te-Ping Chen, Gong Jing, Alain Lallemand, Vlad Lavrov, William Marsden, Paul Cristian Radu, Roman Shleynov, Leo Sisti, Drew Sullivan, Marina Walker Guevara, Kate Willson, David E. Kaplan
- Perils of the New Pesticides — The Center for Public Integrity; M.B. Pell, Jim Morris, Jillian Olsen
- Secret Money Project — NPR and the Center for Investigative Reporting; Will Evans, Peter Overby
- Mental Disorder: Failure of Reform — *The News and Observer* (Raleigh, N.C.); Travis Long, Juli Leonard, Michael Biesecker, Judson Drennan, Valerie Acuirre, Scott Sharpe

SPECIAL CATEGORIES**TOM RENNER AWARD****MEDAL:**

Tobacco Underground — The International Consortium of Investigative Journalists and the Center for Public Integrity; Stefan Candea, Duncan Campbell, Te-Ping Chen, Gong Jing, Alain Lallemand, Vlad Lavrov, William Marsden, Paul Cristian Radu, Roman Shleynov, Leo Sisti, Drew Sullivan, Marina Walker Guevara, Kate Willson, David E. Kaplan

Judges' comments: Fourteen journalists in 10 countries took great risk to provide a comprehensive and compelling look at the illicit trafficking in tobacco. The reporters found organized criminal activity robbing governments of tax money. Using hidden cameras and computer-assisted reporting, the team uncovered the story of hundreds of billions of contraband cigarettes, many being sold in the United States through Indian reservations.

FINALIST:

- Grim Sleeper — *LA Weekly/Village Voice Media*; Christine Pelisek

FOI AWARD**MEDAL:**

The E-mail Trail — KTRK-Houston; Wayne Dolcefino, Steve Bivens, David Defranchi

Judges' comments: The newest frontier for freedom of information efforts resides on e-mail servers in government IT facilities across the country. Wayne Dolcefino and his tireless team at KTRK-Houston combed through 700,000 e-mails from the Harris County Sheriff's Department in Houston to find evidence of racism, secret surveillance, and covert work for campaign contributors to the sheriff. The station sued the county to stop a sheriff's policy that called for the deletion of all e-mails after 14 days.

FINALISTS:

- A Mayor in Crisis — *Detroit Free Press*; Jim Schaefer, M.L. Elrick, David Zeman, Jennifer Dixon and Dawson Bell, with contributions from *Free Press* staff
- The FBI Files — WTTG-Washington, D.C.; Tisha Thompson, Steve Jones
- Gov. Easley's E-mail — *The News and Observer*; Pat Stith, Michael Biesecker, Dan Kane, Joe Neff, Steve Riley, Matthew Easley, Benjamin Niolet, Lynn Bonner, Ryan Teague, John Drecher, Steve Riley, Bill Krueger
- United Way series — *The Charlotte Observer* and WCNC-Charlotte, N.C.; Stuart Watson, Eric Frazier, Mike Gordon, Kerry Hall, Mark Price

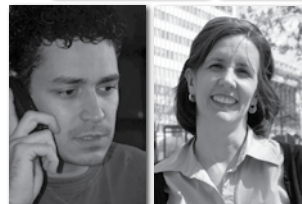
STUDENT WORK (All Media)**CERTIFICATE:**

Sexual Harassment at UGA; *The Red and Black*; Kristen Coulter, Brian Hughes, Carolyn Crist, Melissa Weinman, Matthew Grayson

Judges' comments: For two decades professors who sexually harassed students at the University of Georgia continued to teach or were allowed to move on quietly. Then an anonymous tip sent reporters Kristen Coulter, Brian Hughes, Carolyn Crist, Matthew Grayson and Melissa Weinman digging. Despite threats of lawsuits by some professors, they produced such compelling reports that the university now requires extensive anti-harassment training for both faculty and all administrators.

FINALIST:

- Felons hunting with guns slip past state law — *Arkansas Democrat-Gazette* (Little Rock); Andy Boyle



IRE BUDGET 2010

BY MARK HORVIT
IRE EXECUTIVE DIRECTOR



This has been a tough financial year for IRE, as it has been for our industry and the global economy.

We are operating at a deficit, for the second year in a row. But IRE has financial reserves that have helped carry us through this difficult economic period and a sound plan to address the deficit in the coming fiscal year.

One of our strengths has been our endowment, which many of you have helped build. It stands at about \$2.8 million, and with fulfilled pledges, should reach about \$3.1 million by the end of 2010. Since Dec. 31, 2007, the endowment fund lost about 8 percent in market value, which compares favorably to other endowment funds. Those investments have generated about \$100,000 in income in previous years and are expected to continue to generate income for the operations of IRE in the coming years.

Attendance at many of our regional events is exceeding the numbers we drew last year. But revenue in a number of key categories – from membership and advertising to the database library – is down.

IRE ended the previous fiscal year with an operating deficit of about \$100,000, after using \$85,000 in reserves. We originally reported the organization had ended that year with better results. Subsequently, in closing the books for the fiscal year in preparation for our routine annual audit, we found that additional adjustments were needed. The report we issued prior to closing the books understated expenses and included some income meant for 2009. We have put new procedures in place to help ensure that reported results prior to our annual audit are not different than those reported after the audit is completed.

As IRE moves toward the end of this fiscal year – June 30 – we will again run a deficit, because of continued drops in revenue. We expect to use more than \$200,000 in reserve funds this year.

Measures are being taken to protect the financial well-being of the organization. The proposed 2010 budget, published on the following pages, reflects several significant cuts we have made toward a goal of balancing the budget. We are not doing away with any programs or services, but the cuts have required some reduction and reorganization of our staff. Most significantly, we eliminated funding for the Database Library director's position, with training director Jaimi Dowdell and NICAR Academic Adviser David Herzog assuming those responsibilities.

There are some things you can do to help. Please urge your colleagues to renew their memberships and recruit new members among those who don't know about the great benefits IRE has to offer. We are in the middle of a challenge grant, and donations can be eligible for matching money. Consider giving to IRE, and help us get the word out to friends and family who value investigative reporting.

IRE remains a strong organization with a loyal membership. With our endowment, an operating budget of about \$1 million, membership of almost 4,000 and new programs in development that will expand our reach, we will continue to deliver important services to our membership while preparing for a successful future.

Proposed IRE Budget for Fiscal Year 2010 (July 1, 2009, to June 30, 2010)

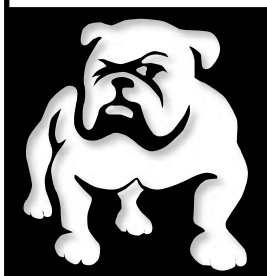
Combined All Programs

Year	Proposed 2009	Projected 2009	Proposed 2010
Membership Revenue			
New membership	\$60,000	\$40,000	\$40,000
Membership-student	\$7,000	\$7,000	\$7,000
Membership-international	\$8,000	\$5,000	\$5,000
Membership renewals	\$120,000	\$105,000	\$110,000
Renewals-student	\$2,000	\$1,500	\$1,500
Renewals-international	\$6,000	\$3,500	\$4,000
Subtotal Membership	\$203,000	\$162,000	\$167,500
Journal subscriptions	\$10,000	\$8,000	\$8,000
Journal ads	\$30,000	\$6,000	\$10,000
Total Membership Revenue	\$243,000	\$176,000	\$185,500
Membership Service Expenses			
IRE Journal	\$96,000	\$84,000	\$67,000
Staff costs (membership)	\$89,000	\$89,000	\$91,000
Postage and shipping	\$2,000	\$2,000	\$2,000
Total Membership Service Expense	\$187,000	\$175,000	\$160,000
Net Membership Activity	\$56,000	\$1,000	\$25,500
Resource Center			
Books			
Book sales	\$58,000	\$35,000	\$40,000
Royalty revenue	\$12,000	\$11,000	\$11,000
Book costs	\$35,000	\$22,000	\$25,000
Net Book Activity	\$35,000	\$24,000	\$26,000
Stories and Tipsheets			
Resource Center story and tipsheet sales	\$8,000	\$4,000	\$5,000
Prior/current year contributions released	\$30,000		\$30,000
Resource Center salaries and expenses	\$81,000	\$77,000	\$69,000
Net Stories and Tipsheets	\$(43,000)	\$(73,000)	\$(34,000)
Contest			
Award contest fees	\$30,000	\$22,000	\$23,000
Award contest expenses	\$9,000	\$7,000	\$9,000
Net Award Contest Activity	\$21,000	\$15,000	\$14,000
Net Resource Center Activities	\$13,000	\$(34,000)	\$6,000
Web			
Web services revenue	\$12,000	\$14,000	\$15,000
Prior/current year contributions released	\$30,000	\$32,000	\$40,000
Web services expenses	\$50,000	\$38,000	\$29,000
Net Web Services Activity	\$(8,000)	\$8,000	\$36,000
National Institute for Computer-Assisted Reporting			
Database Library revenue	\$125,000	\$50,000	\$50,000
Prior/current year contributions released	\$10,000	\$5,000	\$5,000
Database Library salaries and expenses	\$95,000	\$89,000	\$35,000
Net Database Library Activity	\$40,000	\$(34,000)	\$20,000
Uplink subscription revenue	\$20,000	\$13,000	\$12,000
Uplink ads	\$2,000	\$500	\$500
Uplink expenses	\$6,000	\$5,000	\$6,000
Net Uplink Activity	\$16,000	\$8,500	\$6,500
Net NICAR Activity	\$56,000	\$(25,500)	\$26,500
Other sales and services revenue	\$2,000	\$2,000	\$2,000
Other sales and services expenses	\$12,000	\$12,000	\$12,000
Net Other Sales and Services Activity	\$(10,000)	\$(10,000)	\$(10,000)
Net Sales and Services Activity	\$51,000	\$(61,500)	\$58,500

Proposed IRE Budget for Fiscal Year 2010 (July 1, 2009, to June 30, 2010)**Combined All Programs**

Year	Proposed 2009	Projected 2009	Proposed 2010
Conferences and Seminars			
Annual Conferences			
Registrations and fees (IRE and NICAR)	\$130,000	\$114,000	\$115,000
Optional CAR day	\$12,000	\$6,000	\$8,000
Other revenues	\$30,000	\$27,000	\$27,000
Prior/current year contributions released	\$160,000	\$130,000	\$130,000
Total annual conference revenues	\$332,000	\$277,000	\$280,000
Conference expenses	\$195,000	\$194,000	\$200,000
Net Annual Conferences Activity	\$137,000	\$83,000	\$80,000
On the Road Seminars			
Registrations and fees	\$90,000	\$62,000	\$80,000
Prior/current year contributions released	\$2,000		
Seminar expenses	\$87,000	\$75,000	\$85,000
Net On the Road Seminar Activity	\$5,000	\$(13,000)	\$(5,000)
Boot Camps			
Registrations and fees	\$68,000	\$48,000	\$65,000
Prior/current year contributions released	\$6,000	\$2,000	\$2,500
Seminar expenses	\$25,000	\$28,000	\$35,000
Net Boot Camp Activity	\$49,000	\$22,000	\$32,500
Ethnic Media Workshops			
Registrations and fees	\$5,000	\$1,000	\$5,000
Prior/current year contributions released	\$50,000	\$27,000	\$65,000
Workshop expenses	\$45,000	\$4,000	\$45,000
Net Ethnic Media Workshop Activity	\$10,000	\$24,000	\$25,000
Watchdog Workshops			
Registrations and fees	\$20,000	\$20,000	\$20,000
Prior/current year contributions released	\$80,000	\$73,000	\$75,000
Workshop expenses	\$76,000	\$78,000	\$73,000
Net Watchdog Workshop Activity	\$24,000	\$15,000	\$22,000
Money and Politics			
Registrations and fees	\$-	\$800	\$-
Prior/current year contributions released	\$-	\$5,000	\$-
Workshop expenses	\$-	\$500	\$-
Net Money and Politics activity	\$-	\$5,300	\$-
Conference fellowships	\$5,000	\$4,000	\$5,000
Fellowship expenses	\$5,000	\$4,000	\$5,000
Net Fellowships	\$-	\$-	\$-
Net Conferences and Seminar Activity	\$225,000	\$136,300	\$154,500

A crucial duty of a journalist is to serve the public interest by acting as a watchdog on government and business. This duty has become all the more important at a time when governments are restricting the flow of information. At such times, broadcast and print journalists must redouble their efforts to use freedom of information laws to obtain public documents and help the public appreciate the value of such laws.



The Watchdog Workshop series brings affordable training to cities around the U.S. If you're interested in bringing one to your area, contact Jaimi Dowdell, jaimi@ire.org, 314-402-3281; or Doug Haddix, doug@ire.org, 614-205-5420.

IRE'S
Watchdog
Journalism
Training

Proposed IRE Budget for Fiscal Year 2010 (July 1, 2009, to June 30, 2010)**Combined All Programs**

Year	Proposed 2009	Projected 2009	Proposed 2010
Grants and Contributions			
Temporarily restricted	\$175,000	\$140,000	\$180,000
Unrestricted	\$10,000	\$5,000	\$5,000
Permanently restricted-Endowment	\$300,000	\$120,000	\$200,000
Total Grants and Contributions	\$485,000	\$265,000	\$385,000
Investment Return			
Endowment investment return and dividends	\$5,000	\$2,000	\$3,000
	\$150,000	\$145,000	\$150,000
Net Program Activity	\$522,000	\$222,800	\$426,500
General and Administrative Expenses			
Salary and personnel costs	\$286,000	\$280,000	\$214,000
Professional Services			
Consulting/Fundraising	\$9,000	\$12,000	\$12,000
Accounting	\$14,000	\$20,000	\$15,000
Marketing	\$10,000		\$-
Legal	\$5,000	\$2,000	\$1,000
Total Professional Services	\$38,000	\$34,000	\$28,000
General Office Expenses			
Telephone and fax	\$8,000	\$8,000	\$8,000
Postage	\$7,000	\$6,000	\$6,000
Office supplies	\$10,000	\$8,000	\$7,000
Photocopying	\$3,000	\$1,000	\$1,000
Insurance	\$17,000	\$20,000	\$18,000
Computer supplies	\$2,000	\$1,000	\$2,000
Equipment expense	\$10,000	\$4,000	\$4,000
Other office expense	\$6,000	\$4,000	\$5,000
Total General Office Expense	\$63,000	\$52,000	\$51,000
Other Expenses			
Publications/Dues	\$2,000	\$600	\$1,000
Board of Directors	\$10,000	\$2,000	\$3,000
Office travel	\$3,000	\$2,000	\$2,000
Computer purchases	\$15,000	\$4,700	\$10,000
Staff training	\$2,000		\$-
Total Other Expenses	\$32,000	\$9,300	\$16,000
Total in General and Administrative Expenses	\$419,000	\$375,300	\$309,000
Fundraising Expenses			
Salary and expenses	\$70,000	\$90,000	\$90,000
Promotions	\$3,000	\$-	\$500
Total Fundraising Expenses	\$73,000	\$90,000	\$90,500
Depreciation	\$15,000	\$15,000	\$15,000
Total Administrative Expenses	\$507,000	\$480,300	\$414,500
Reserve fund	\$-	\$260,000	\$-
Excess Net Program Activity Over Expenses	\$15,000	\$2,500	\$12,000

Salaries and Benefits for Year Ending 2010

	Salary	Benefits	Total	Contributions or Allocations	
Executive director	\$83,000	\$24,000	\$107,000	\$63,000	Journalism school/Fundraising
Training director	\$65,000	\$18,000	\$83,000	\$83,000	Seminars/IRE Journal
Training director	\$65,000	\$18,000	\$83,000	\$83,000	Seminars/Database Library
Membership coordinator	\$46,000	\$14,000	\$60,000	\$60,000	Membership
Admin asst. membership	\$29,000	\$8,000	\$37,000	\$28,000	Membership
System administrator	\$42,000	\$12,000	\$54,000	\$-	Administrative
Resource Center director	\$42,000	\$13,000	\$55,000	\$55,000	Endowed Post
Conference coordinator	\$42,000	\$12,000	\$54,000	\$25,000	Seminars
Finance officer	\$41,000	\$12,000	\$53,000	\$-	Administrative
Program designer	\$35,000	\$10,000	\$45,000	\$22,000	Journal
Development officer	\$42,000	\$12,000	\$54,000	\$54,000	Endowment income
Subtotal	\$532,000	\$153,000	\$685,000	\$473,000	Subtotal
Graduate assistants	\$20,000		\$20,000	\$20,000	Database Library/Resource Ctr/Journal
Students/Part-time help	\$24,000		\$24,000	\$22,000	Database Library/Resource Center
Subtotal	\$44,000		\$44,000	\$42,000	Subtotal
Total Salary/Benefits				\$729,000	
Subtotal of allocations				\$(515,000)	
Net salaries and benefits				\$214,000	Administrative/General

These unique seminars train journalists to acquire electronic information, use spreadsheets and databases to analyze the information and translate that information into high-impact stories. In addition, the institute then provides follow-up help when participants return to their news organizations.

CAR Boot Camp



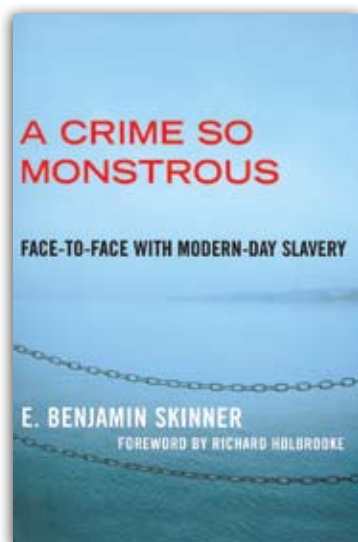
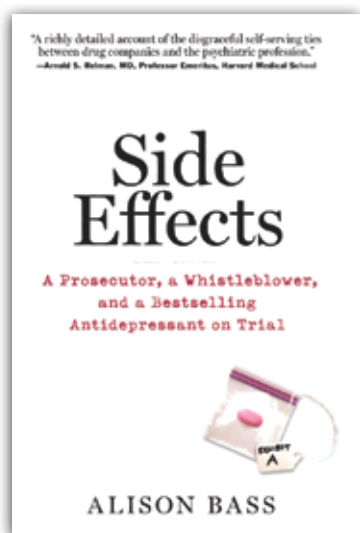
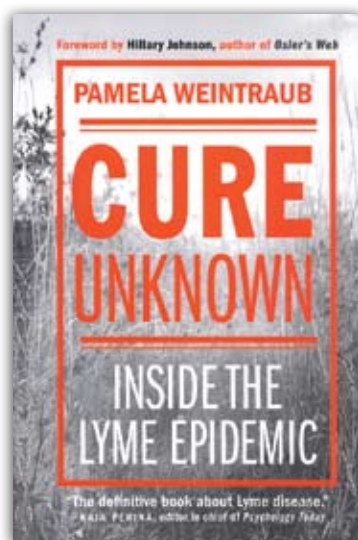
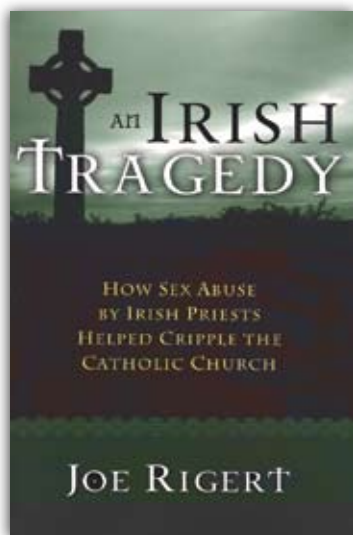
Boot Camps

- June 22-26: Computer-Assisted Reporting Boot Camp - New York
- August 9-14: Computer-Assisted Reporting Boot Camp - Columbia, Mo.

For more information visit
www.ire.org/training/bootcamps

Award entries offer a glimpse into authors' thoughts, tactics

BY STEVE WEINBERG
THE IRE JOURNAL



After Joe Rigert retired from the *Star Tribune* in Minneapolis, the veteran investigative reporter decided to satisfy his curiosity about pedophile priests, which was a story he never fully examined in the newsroom. Analyzing the information, Rigert realized a prominent Catholic bishop from Ireland had sexually abused a large number of boys after arriving in the United States.

The revelation led Rigert to question “whether other Irish clergymen, generally portrayed as the ‘good’ priests, had played a disproportionate role” in the American portion of a worldwide scandal. As a result of his curiosity, Rigert shifted the direction of his research from the bishops to “a more sharply focused inquiry on Irish priests in this country and in Ireland.”

The result was “An Irish Tragedy: How Sex Abuse by Irish Priests Helped Cripple the Catholic Church.” Crossland Press, a publisher in Baltimore, brought the book to market in 2008.

I know about Rigert’s thought process because I studied the entry form for his book as submitted to the annual IRE Awards competition.

Every entry – from newspapers, magazines, television, radio, online and book publishers – contains practical, and often revelatory, background. For this issue of *The IRE Journal*, I have mined revelations from the entry forms submitted by authors and their publishers.

Conducting interviews and documents research in Ireland, Rigert found that Irish-born priests showed a higher rate of sex abuse than American-born priests, with the Irish-born more prone to assault girls than boys. Documents used by Rigert included difficult-to-obtain reports of Irish seminary personnel placement in both nations going back to the 1950s, church internal correspondence and files of the Catholic News Service in Rome. Those interviewed by Rigert included abuse victims; priests and bishops accused of becoming abusers; students and faculty of Irish seminaries; and Vatican bureaucrats.

For Alison Bass’ book “Side Effects: A Prosecutor, a Whistleblower, and a Bestselling Antidepressant on Trial,” which was published by Algonquin, she dug into her files to locate seemingly outdated documents she had received more than a decade before starting the book.

In her IRE entry form, Bass explained how in 1995 she was covering the mental health realm for *The Boston Globe*. She received a call from Donna Howard, who alleged wrongdoing by researchers in the psychiatric department at Brown University, where Howard worked. Clinical trials were being compromised by improper conduct, including a trial of how Paxil affected treatment of depression in adolescents. Bass used some information from Howard, but she could not pin down the allegations about the compromised Paxil study.

Years later, when Bass learned about allegations by the New York state attorney general that pharmaceutical company Glaxo-SmithKline had deceived physicians and consumers about Paxil, the information from Howard helped Bass piece together what she needed for a book proposal. To complete the book, Bass also located documents at the Food and Drug Administration, lawsuits filed by families of adolescents who had killed themselves while using Paxil, medical journal articles and clinical trial data provided by the pharmaceutical company as part of a settlement with the New York attorney general.

Pamela Weintraub began her book close to home. “Cure

Unknown: Inside the Lyme Epidemic," which was published by St. Martin's Press, has its genesis in the illnesses of the author's family members. During the early 1990s, Weintraub and her family moved to a wooded property in Westchester County, New York. The entry form stated, "At first, the vague headaches, joint pains and bone-weariness seemed like minor inconveniences but, as years passed, these symptoms intensified and multiplied, burgeoning into gross signs of disease ..."

After numerous misdiagnoses by physicians, Weintraub felt relief when she learned her eldest son, perhaps the most disabled of the family members, was suffering from tick-borne Lyme disease. Weintraub believed the family's troubles would soon end, "when, in reality, the nightmare had just begun." It turned out scientists who initially studied Lyme disease and physicians who treated the disease disagreed vigorously about causes and effects. Hoping to make sense of the controversy, Weintraub dug into the files at the Centers for Disease Control and Prevention, the National Institutes of Health, and Harvard and Yale universities, among other campuses.

For his book, E. Benjamin Skinner mostly worked far away from medical centers and government agencies and showed that sometimes finding sources without offices is the best path. Skinner wrote "A Crime So Monstrous: Face-to-Face With Modern-Day Slavery," which was published by the Free Press/Simon & Schuster. To research the book, Skinner began in

Mauritania and eventually expanded his reporting to the Sudan, Haiti, Turkey, Romania, plus other exotic – and sometimes life-threatening – locales.

Most of Skinner's data about contemporary slavery came from reports issued by the American government – especially the State Department – and governments in other nations and was supplemented by the work of nongovernment organizations with a mission. A volume titled "The International Sex Guide" provided maps to brothels across the globe.

The guts of the book, however, came from people-to-people reporting, some of it done undercover as he documented three types of slavery: commercial sex, debt bondage and war-driven chattel.

Skinner's IRE Awards entry form is filled with advice, including this paragraph: "Leave time for the in-country research and, particularly when interviewing survivors, listen carefully and first and foremost do no harm. Translators are critical, and researchers should expect to go through several before finding the right combination of bravery, sensitivity and, most importantly, objectivity."

Steve Weinberg is senior contributing editor to The IRE Journal and a former executive director of IRE. He has written eight nonfiction books, including "Taking on the Trust: The Epic Battle of Ida Tarbell and John D. Rockefeller."

Every entry – from newspapers, magazines, television, radio, online and book publishers – contains practical, and often revelatory, background.

**\$3,500
Cash Prize!**



2009 George Bliss Award For Excellence in Investigative Journalism

For details go to: www.bettergov.org/blissawards

Presented by the Better Government Association (BGA), with the generous support of the Richard H. Driehaus Foundation, the George Bliss Award for Excellence in Investigative Journalism recognizes the best government-related investigative reporting in the Midwest.

Judged by a rotating panel of journalists and media educators, the award highlights the impact of investigative reports as a reform tool within the context of state and local government waste, fraud and corruption.

The contest includes radio, television and print reporting in the Midwest (IL, IN, OH, WI and MI). Past recipients of the George Bliss Award include the *Chicago Sun-Times*, WISH TV Indianapolis and the *Toledo Blade*.

Contest Details:

- ◆ Entries must have been published or broadcast between July 1, 2008 and June 30, 2009.
- ◆ Only one entry is allowed per individual reporter.
- ◆ Submission entries must be received no later than **August 15, 2009**.
- ◆ There is no entry fee for the contest, and submissions can be made online or via 6 hard copies.
- ◆ Winner will receive a custom-designed award and a cash prize in the amount of \$3,500.

**Now Accepting
Submissions**



People attend Ilia Pavlov's funeral. Pavlov was one of 15 Bulgarian soccer club presidents executed in mob wars.

A DEADLY GAME

Organized crime, political corruption
tarnish soccer clubs in Eastern Europe

BY PAUL RADU
ROMANIAN CENTER FOR INVESTIGATIVE JOURNALISM

OCCRP ORGANIZED CRIME AND CORRUPTION REPORTING PROJECT

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- Five Tolls How the Game is Rigged
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Football has ugly, sometimes lethal aspects not immediately obvious to the billions of fans around the world who watch their favorite teams in stadiums or on television. Fans of the most popular of all team sports in the world know that players are recruited from one team to another and that hefty sums go to recruit the great players. They are less likely to know that every player transfer often a twingling chance to grab some of the hundreds of millions of Euros at play in the global staffing of players.

Full Story >

www.reportingproject.net

When he was shot in the heart with a single bullet in front of his office, Ilia Pavlov was the president of the Varna football (soccer) club and one of the richest businessmen in post-communist Bulgaria. A former wrestler who married the daughter of a general of the Bulgarian communist State Security agency, Pavlov turned out to be just one case in a string of more than 200 soccer-related murders in post-communist Eastern Europe. The bloodshed, in large part, was a result of intertwining relationships between the most popular team sport in the world, organized crime, corrupt law enforcement and dirty politics.

In recent years, Eastern European football has become a deadly game for the ruthless organized crime groups that use it as their playground. Mobsters, lured by big money and prestige, have bought football clubs to showcase themselves. In addition, they have created global networks of agents and owners who quietly skim the fees paid by one club to another in exchange for acquiring a name player. To avoid taxes, they have worked through tax havens and companies with shell proxies. These organized crime groups have managed to infiltrate politics in Eastern Europe and have shielded themselves from prosecution using connections with corrupt public officials. They have solidified their positions through threats and violence, including murders.

A team of 10 investigative reporters and editors from six countries worked under the auspices of the Organized Crime and Corruption Reporting Project, which can be found at www.reportingproject.net, and lifted the veil of secrecy over parts of what was once known as the “beautiful game.”

The resulting project, “Game of Control,” is part of a broader OCCRP effort to help the people of Eastern Europe understand how organized crime and corruption affect their lives. OCCRP is a consortium of Eastern European investigative centers, news organizations and journalists that have banded together to cover transnational organized crime and corruption in Eastern Europe and Eurasia. The site features investigative projects, news, blogs and features – making it the world’s only Web site dedicated to covering organized crime. In addition to the stories, OCCRP is building an online resource center of documents related to organized crime that will include court records, laws, reports, studies and company records that will serve as a resource center for journalists and the public alike.

Putting the puzzle together

The investigation started from the realization that law-enforcement agencies of various countries were investigating the sport, but their efforts stopped at their borders. Nobody was investigating the whole picture of what has become a multibillion-dollar transnational business – some of it quite corrupt.

Reporters from investigative centers and prestigious media outlets in Bosnia and Herzegovina, Romania, Bulgaria, Macedonia, Serbia and Ukraine began a simultaneous look at the business of football in their countries. The data they collected was exchanged using collaborative software platforms. Hundreds of records were mapped by using social networking analysis software. A virtual newsroom was created to put the pieces of the puzzle together and to prove once more the tremendous power that the Internet and new digital tools offer to investigative journalism.

The OCCRP reporters found a link to their stories in an investigation in Brazil then combed through the records of more than 50 companies and investigations in the British Virgin Islands, Bulgaria, France, Ireland, Luxembourg, Romania and Uruguay to get at the scope of illegal transfers.

Just as in other OCCRP projects, the reporters scanned national registries of commerce to gather the ownership data of the most important football clubs in the region. The information was then shared and posted in country-specific folders through Microsoft Office Groove, which is a software platform that enables secure collaboration through the Internet and creation of virtual newsrooms. Journalists were able to check all of the company records posted on Groove to find cross-ownership of clubs and to track the related regional business interests of football club owners. It turned out that crooked football agents additionally were involved in the real-estate business, entertainment industry and private security companies. They also had influence in political organizations. The reporting did not go smoothly because many of the main characters had been assassinated or had disappeared in recent years. Journalists had to patiently untangle the changes of ownerships in clubs and complex nested company structures with offshore holding companies to map the corporate relationships.

Analyzing the data

The maze of corporate, law-enforcement and court records was mapped through i2, which is a visual investigative analysis software available at www.i2.co.uk. The analysis revealed a trail of law-enforcement investigations stretching from Bulgaria to Paraguay and Brazil, and from Romania to Western Europe. Each icon on the i2 chart is a representation of a character that is important to the journalistic investigation. Each representation is supported by documents highlighting the role of the person or organization.

The analysis uncovered an important connection between a Brazilian Senate inquiry, a Romanian prosecution indictment and a judicial investigation in Marseille, France. The documents from those three sources independently mentioned the same individuals or companies that turned out to be involved in alleged tax evasion and money-laundering schemes related to international transfers of football players. The OCCRP reporters then used the names they found and began searching on commercial databases as diverse as the European Business Registry, Lexis-Nexis, Brazilian Courts, the Guernsey Financial Services Tribunal, Paraguayan company records and a multitude of other national and international databases.

Connections were quickly confirmed, and the global network of players' transfers unfolded. The dry, record-based data was matched with footwork and interviews with insiders and law enforcement. The majority of the techniques used by OCCRP for the "Game of Control" project are outlined in "Follow the Money: A Digital Guide to Tracking Corruption," a handbook published in 2008 in Brussels at the European Investigative Journalism Conference. It was published by the Romanian Center for Investigative Journalism in cooperation with the Washington-based International Center for Journalists and with the help of OCCRP and of the Global Investigative Journalism. It is available at www.icfj.org/Resources/FollowtheMoney/tabid/1170/Default.aspx.

Raising the standards

After months of work, draft reports started flowing toward the Center for Investigative Journalism in Sarajevo, Bosnia-Herzegovina, where the editors of the project are based. OCCRP's advising editors, former *Washington Post* editor Bob Samsot and former IRE executive director Rosemary Armao, used their decades of experience with Western journalism to bring the sourcing and writing of the project into full compliance with international editorial standards.

In the meantime, the materials were fact-checked to ensure accuracy, which was not an easy process in a transnational story with records from more than a dozen countries and nine languages, multiple reporters and differing journalism standards.

The OCCRP process offers a way to share experiences and cultures because it provides a platform on which local knowledge and customs are shared by reporters from various countries with each other and with editors. In doing so, it offers Eastern European journalists a way of learning techniques and standards not always used in their countries.

Beginning in December 2008, stories in the project started being published by mainstream media outlets, on blogs and in specialty discussion forums in the Balkans and Western Europe. The process continues as the investigative team rigorously pursues new leads.

Paul Radu is a cross-border investigative projects coordinator in the Balkans and a Knight fellow with the International Center for Journalists.

A virtual newsroom was created to put the pieces of the puzzle together and to prove once more the tremendous power that the Internet and new digital tools offer to investigative journalism.

24 Hours/Bulgaria



Bodyguards gather at the funeral of Georgi Iliev, who was shot in the heart while he was president of Lokomotiv, a football club with one of the highest mortality rates in Bulgaria.

MICROECONOMICS

DIG DEEP LOCALLY TO REVEAL FALLOUT FROM THE RECESSION

BY DAVID CAY JOHNSTON

Developers have become addicted to subtle subsidies, often in the form of sales-tax exemptions, the condemnation of land by government and the use of tax-free municipal bonds to finance office buildings, factories, retail outlets and other buildings.

Too often the current economic woes are covered as a national or global story, not a local one. Here are some ideas – and some cautionary notes – intended to spark investigations into local economies and to tell readers, listeners and viewers how the broad economic problems are affecting their community.

Many cities, towns and counties operate their own water and sewer systems. Get trendline data on usage, delinquencies and no-pay accounts. Do the same with property taxes, business licenses and other sources of recurring fee income to local governments. Analyzing this data will help develop understanding of the depth of economic pain in a community and may also produce stories about favoritism in examining which bills are dismissed and which ones are pursued by government.

Corporate-owned utilities also have data on usage and delinquencies, but they may not be eager to share it. However, reports to the U.S. Securities and Exchange Commission, as well as applications for rate hikes and routine reports filed with state or regional utility regulators and the Federal Energy Regulatory Commission, can yield data on usage, revenues and prices to illuminate the local economic situation.

County-level jobless data is available monthly from the Bureau of Labor Statistics through its monthly Current Employment Statistics reports at www.bls.gov/ces.

Pay close attention not just to the “official” jobless rate but also to the changes in the size of the workforce, as people who conclude that there are no jobs to be had are counted as dropping out of the labor market. Look also into trend data from the tables the government provides on full-time versus part-time work.

All school lunches are subsidized, not just those referred to by officials as “reduced price” or “free.” School districts must audit those who get lunches at reduced cost or for free – data that can show how many children are paying the full posted price, which itself is subsidized. Looking at the changing mix of these three categories of lunch payments will give a picture of how families are faring.

Driving at rush hour often means stop-and-go. Yet in Los Angeles, where for decades the crush of cars congealed into a thick traffic jam, rush-hour traffic often flows these days at the maximum speed limit. The availability of data varies greatly around the country, but look for trend data on volumes of traffic (especially by hour), gallons of gasoline and diesel sold, revenue from parking meters and public garages, and ridership on buses, subways and the like. A rise in transit riders would tend to indicate people are tightening up on spending. Careful analysis of vehicle versus transit ridership in places where current data is available can give clues to local job markets.

Most local governments depend heavily on sales tax revenues, so they make and update projections of these figures. Although the systems for collecting the tax and counting the money vary across the country, in every community there are people whose

job is to watch those numbers closely. From the state tax agency down to the municipal or school budget analysts, look for data on sales tax revenues over time and, if it is available, data by ZIP code and type of business collecting the tax. A decline in sales taxes in one cluster of ZIP codes may indicate that a government subsidized retail stores or even a whole shopping mall. Stores that legally get to keep the sales taxes they collect deprive schools, police and other government services of revenue. Check carefully for how the data is reported, and ask about diversions of money to pay off municipal bonds used to finance construction of retail stores and shopping malls.

Developers have become addicted to subtle subsidies, often in the form of sales-tax exemptions, the condemnation of land by government and the use of tax-free municipal bonds to finance office buildings, factories, retail outlets and other buildings. In Carson, Calif., this past year the developer of a mall and housing complex expected to earn a profit of \$55 million after collecting \$110 million in subsidies. That means the taxpayers provided 100 percent of the profits and another \$55 million to discount costs, which hurts competing merchants and housing developers. When the economy slowed, the developer asked for an extra \$10 million of tax revenue to make up for falling housing costs. Deals like this are proliferating as the economy squeezes developers.

Falling housing prices are a major problem and a story rich with data to mine. The historic rule is that housing prices should not be higher than 2.5 to three times the incomes of buyers. So, look at median income in your county from the Census Bureau, income tax and market research data, which will give a range of figures, and calculate a median from those three sources. Multiply that median income by 2.5 and three to get a range of where the median housing price needs to be. Beware of, but do not ignore, data from the National Association of Realtors, which has a long track record of seeing only through rose-colored glasses.

Look for local data on sales, the sale price compared to the original posted price, time on market, foreclosures and property tax delinquencies, all of which can be analyzed. Keep in mind that the public is always interested in knowing about housing values in the owner’s neighborhood and that interactive databases will attract an audience and inform people.

Owning your own business is a dream for many people, but a sharp increase in business licenses or “doing business as” filings may indicate economic troubles, as people who lost their jobs try to go into business for themselves.

Bankruptcy filings for both individuals and businesses have long been a source of data on economic climate, but beware of using it for comparisons over time. The Bankruptcy Reform Act of 2005 changed the rules in perverse ways. It gave much more power to creditors and changed the incentives for paying back debts so much that a study by the Federal Reserve estimated that this past fall as many as 11,000 debtors per month let their homes fall into foreclosure even as they kept paying their credit card debts. Historically, people would let their credit card debts, secured only by their signature in most cases, go into default and save their homes.

David Cay Johnston, a former investigative reporter for The New York Times, is the author of “Free Lunch: How The Wealthiest Americans Enrich Themselves at Government Expense (and Stick You with the Bill).” He won a Pulitzer Prize in 2001 for beat reporting for stories revealing inequities and loopholes in the federal tax code.



Mortgage broker Scott Almeida offered 83-year-old handyman W.C. Eckles a new mortgage that cut his monthly house payment in half and included \$30,000 for renovations. Almeida stole the money and vanished, but not before his construction crew tore gaping holes in Eckles' walls.

MORTGAGE MISCHIEF

DATABASE CROSS-CHECKS FIND THOUSANDS OF CRIMINAL BROKERS

BY JACK DOLAN, MATTHEW HAGGMAN AND ROB BARRY
THE MIAMI HERALD

The *Miami Herald* investigative series that forced Florida's banking commissioner to resign and sparked sweeping emergency changes to the way the state regulates the mortgage industry started with the simple journalistic instinct to cover your backside.

In the summer of 2007, shortly before the housing market crash, reporters Jack Dolan and Matthew Haggman were interviewing mortgage brokers about how easy it was to sell exotic and risky home loans in Miami.

One broker gave such good quotes the reporters decided to run him through the public records aggregator Accurant before citing him as an expert. Turns out, he had a long and sordid criminal record.

The reporters knew that Florida law required regulators to run criminal background checks before issuing mortgage broker licenses. So was this broker an exception who slipped through the cracks, or was he evidence of widespread failure by regulators?

He was no exception.

Working with database editor Rob Barry and investigations editor Mike Sallah, the team produced "Borrowers Betrayed," a three-part series published in July 2008. It's available online at www.miamiherald.com/multimedia/news/mortgage/index.html.



ECONOMIC MELTDOWN



Kacey Schock picks her way through debris at the abandoned house next to hers in North Miami. This is one of thousands of homes in foreclosure in Miami-Dade.

One in three brokers whom regulators caught committing outright fraud were allowed to keep working in the industry – including some who stole houses from elderly clients through phony quitclaim deeds.

The investigation found that:

- State regulators had allowed more than 10,000 convicted criminals to peddle mortgages in Florida between 2000 and 2007 while the state’s mortgage fraud rate was spiraling to the highest in the nation.
- More than 4,000 licensed brokers had cleared background checks after committing crimes that state law specifically required regulators to screen, including fraud, bank robbery, racketeering and extortion.
- The former criminals allowed into the industry had committed more than \$85 million in mortgage fraud by the time the first installment of the series ran.
- When the state investigated brokers already in the business, there was almost no punishment for wrongdoing. One in three brokers whom regulators caught committing outright fraud were allowed to keep working in the industry – including some who stole houses from elderly clients through phony quitclaim deeds.
- The most common reason for brokers getting booted out of the industry, which happened rarely, was bouncing their yearly check to the state for the licensing fee.



Mary Taylor of Tampa tried to get her daughter’s house fixed but ended up as a victim of a mortgage fraud.

- Florida once had a multi-million dollar trust fund to aid victims of mortgage fraud. But in the early 1990s, regulators dissolved the fund, using the money for agency expenses, including salaries and trips for top administrators to conferences at five-star hotels.

The Reporting

Telling the stories of criminal brokers, and their mostly elderly victims, would have been impossible without heavy reliance on computer-assisted reporting.

Within days of that first visit with the criminal broker, we got a database of all licensed brokers from the Florida Office of Financial Regulation and compared it to a database of current and former inmates of the state prison system.

The results were striking: Thousands of matches scrolled across the screen.

But the world is full of criminals who have never spent time in a Florida state prison, and we wanted to account for them all.

So Barry wrote a program in the Web scripting language PHP to feed all of the brokers through PACER, the U.S. federal court search engine. He downloaded indictments for any defendant whose name matched a Florida mortgage broker and then scanned the judgments for matching birth dates.

The process wasn’t cheap. To cut costs, Barry first sent all of the brokers’ names through the Federal Bureau of Prison’s Web site. But the feds don’t provide dates of birth, only ages, which meant all matches were approximate. However, the screening did drastically reduce the number of documents we had to download from PACER. Still, the final bill was a hefty \$4,000.

That’s how we discovered hundreds of brokers convicted of white-collar financial crimes, including a crime syndicate member who renewed his Florida mortgage broker license while in prison. He was serving time for selling nearly \$12 million worth of stock in a company that didn’t exist.

The PACER match turned out to be important because Florida law specifically required regulators to check federal court records before issuing a mortgage broker license.

But the regulators had been ignoring that provision of the law for years, and only began routine checks after *The Herald* started asking questions.

To help quantify the effectiveness of the Office of Financial Regulation’s enforcement arm, Barry created a database of more than 2,000 final enforcement orders filed by the agency since 1996. This database allowed us to examine all of the regulatory actions taken by the state and led to one of the series’ key findings: As Florida’s mortgage fraud rate rose to the highest in the nation, license revocations actually decreased each year.

The last installment of the series profiled Orson Benn, a former vice president with the nation’s largest subprime lender, who has begun an 18-year Florida prison sentence for widespread mortgage fraud.

From his office at Argent Mortgage in White Plains, N.Y., Benn coached a cadre of brokers in Tampa and Miami. He was convicted of teaching them to falsify loan applications, credit reports and income statements to get loans approved.

As part of the team’s effort to quantify Benn’s impact on the Florida economy, Barry wrote another PHP script to find and download all Argent mortgages from court Web sites in the four Florida counties where Benn and his brokers had been most active.

That process netted more than 50,000 mortgages. Using optical character recognition software, we were able to determine that Benn and his co-conspirators had approved more than 4,000 of them, worth nearly \$600 million.

The reporters examined more than 100 of the complete, detailed mortgage applications – they turned up on a CD buried in the unused discovery from Benn’s trial – and found non-existent employers, inflated salaries and other phony references on almost all of them.

The Response

By 4 p.m. on the first day of the series, Florida’s chief financial officer demanded the resignation of OFR commissioner Don Saxon. But Gov. Charlie Crist and the two other members of the Florida cabinet agreed to conduct their own investigation before taking any action.

Saxon insisted the state’s inquiry would vindicate his agency. After the second installment, key lawmakers asked the governor and the cabinet to ban felons from selling mortgages. Crist agreed and added that he was “shaken” by the newspaper’s reports.

After the third installment, which showed major fraud investigations botched by the state, the governor agreed to oust Saxon, who was a popular 30-year veteran of his agency. Saxon resigned moments before the governor and his cabinet planned to vote to fire him.

In addition, Crist and the cabinet voted to impose a lifetime ban on all felons charged with financial crimes – the toughest standard in the industry. Others with criminal records now must wait seven to 15 years from the time of their convictions before they can be licensed.

To improve the screening process, the state imposed mandatory national criminal background checks for everyone selling home mortgages in Florida.

Regulators also proposed reinstating the victims’ fund and offering up to \$50,000 to people scammed by rogue brokers.

And the state agreed to review tens of thousands of license applications and revoke those that failed to include criminal pasts. *The Herald* found numerous cases of brokers who failed to report their criminal histories, including one man who omitted his 17-year prison sentence for strangling his wife and dumping her into Tampa Bay.

Within weeks of Saxon’s ouster, the state inspector general issued her report. It confirmed *The Herald’s* findings and noted massive failures in the licensing and enforcement responsibilities by Florida regulators.

In the state’s report, investigators declared the agency’s practices had been “insufficient to protect the people of the state of Florida.”

Jack Dolan has been an investigative reporter at The Miami Herald since 2005. Before that, he spent six years on the investigative team at The Hartford Courant, where he was a finalist for the Pulitzer Prize. Matthew Haggman has been a business and investigative reporter at The Herald since 2004. He previously worked at the Daily Business Review in Miami, where he covered the federal and state courts. Rob Barry joined The Herald as a computer-assisted reporter in 2007. He has contributed reporting and analysis to award-winning projects, including the Pulitzer Prize-winning series “House of Lies.”

Secrets in the financial rescue plan test Obama’s call for transparency

BY CHARLES N. DAVIS
NATIONAL FREEDOM OF INFORMATION COALITION

The public interest in community knowledge fostered by freedom of information is in vogue these days after a long, dark stretch. From President Barack Obama’s much-ballyhooed executive order hours after assuming office that reversed the federal government’s stance on FOIA to the repeated embrace of today’s buzzword, transparency, it feels as though we’re on the verge of a real breakthrough.

Or not.

Any delusions that Washington would enter a new era of openness have yielded to uncomfortable political reality. Sure, proponents of openness take heart in Obama’s embrace of transparency. We’re just waiting for the lawyers embedded in FOIA offices across the country to get the memo.

Any irrational optimism can be treated with the sober realization that when it comes to the biggest issue of the day, secrecy reigns, at least for now.

Bloomberg – the financial wire service that is doing as much good reporting on the bailout and its multitude of spinoff stories as any institution in the country – is battling the Federal Reserve Bank. So far, the Fed’s secrecy rivals that of the Pentagon, even as its doles out gazillions in taxpayer dollars.

On March 11, the Fed denied Bloomberg access to the daily reports of the Federal Reserve Board of Governors on bailout loans to financial institutions. Bloomberg has sued the Fed after its repeated FOIA requests have been denied and met with an age-old response: to let us know the names of those receiving taxpayer largesse would cast “a stigma” on those institutions.

It’s a heck of a dilemma and one that brings many facets of the debate over openness into stark contrast. Here we have recipients of more than \$1.9 trillion of emergency credit from U.S. taxpayers and the assets the central bank is accepting as collateral. The argument is that if we let the public know who the beneficiaries are, then chaos will ensue. But if the taxpayers are holding the bag, should the nature of confidentiality change to reflect the new ownership?

Then there’s American International Group Inc., the massive insurer that is now 80 percent taxpayer-owned, and stymieing requests from Congress to reveal the most basic information regarding counterparties saved from losses on deals they struck with the insurer.

The government has resisted revealing these companies’ identities or how much federal money they received. Representative Carolyn B. Maloney, D-New York, said she had twice asked for a full accounting from Ben S. Bernanke, the chairman of the Federal Reserve, which arranged the rescue of AIG. She has not received it. “They have told others it is proprietary information,” Maloney said in an interview with *The New York Times*. “But we are the proprietors now. Taxpayers own the store, and we should be able to see the books.”

At a Senate Banking Committee hearing in March, the panel’s top two members said the central bank’s reluctance to identify companies benefiting from the AIG bailout risks undermining public confidence in the government.

“If the American taxpayer’s money is at stake, and it is, big time, I believe the American taxpayers, the people and this committee, we need to know who benefited, where this money went,” said Sen. Richard Shelby of Alabama, the committee’s top Republican. “There is no transparency here. We are going to find out.”

The arguments, set against a new backdrop, are age-old and tiresome: The public can’t know what the insiders know because faith in the financial system is at stake.

Yet one wonders if anyone in the administration is thinking about the opacity that led to this debacle. An entire regulatory regime seemingly designed to head off such schemes operated in semidarkness, with “trust us” the dominant response to inquiries from the public and press alike.

A system so opposed to transparency and so steeped in arcane complexity was bound to head us into disaster sooner or later.

So now that we begin to pick up the pieces, will the potential stigma of participants have the staying power of years past? Or will we instead see Congress demand reforms, including greater power under FOIA to allow the press and public to lend a hand in watchdogging the Masters of the Universe?

Only time will tell, but if Obama’s rosy rhetoric about transparency means a thing, then it should presage action on Wall Street. As of this writing, AIG had issued a press release indicating that it would soon begin revealing some of those mysterious creditors. The administration should demand the release of every last one.

Charles N. Davis is an associate professor at the Missouri School of Journalism and the executive director of the National Freedom of Information Coalition, which is headquartered at the school. Visit the coalition’s Web site at www.nfoic.org.

REVOLVING DOOR

SUBPRIME LENDERS FIND A NEW HOME IN FEDERAL PROGRAM

BY CHAD TERHUNE AND ROBERT BERNER
BUSINESSWEEK

A quick barrage of calls and research yielded scores of loan-modification firms, credit-repair services and debt-settlement companies offering help of questionable value to desperate consumers in exchange for hefty upfront fees.

Who's profiting from the financial crisis? That was the question a team of *BusinessWeek* reporters set out to answer in October 2008 as a tanking stock market, bank failures and frantic government bailouts unleashed a torrent of consumer panic. We wanted to find the companies and entrepreneurs who had capitalized on the panic.

Our editor on the investigative project, Assistant Managing Editor Paul Barrett, reminded us of the classic answer given by robbers about why they target banks: "That's where the money is." With similar logic, we wanted to follow the cash. Fellow reporters Brian Grow and Jessica Silver-Greenberg contributed heavily to this reporting blitz.

A quick barrage of calls and research yielded scores of loan-modification firms, credit-repair services and debt-settlement companies offering help of questionable value to desperate consumers in exchange for hefty upfront fees. These were good examples, so Berner wrote a sidebar on the dubious nature of the loan-modification business.

But what stood out and became the focus of our reporting over the next several weeks was how many subprime lenders – the companies that helped spark this financial crisis – had reinvented themselves as government-backed lenders in the Federal Housing Administration program. Exacerbating matters, federal officials seemed oblivious to what was happening. This had the makings of a galling tale of business chicanery and official incompetence.

The response to the story was swift. The inspector general of FHA's parent agency, the Department of Housing and Urban Development, vowed to investigate the problems cited in the story. Sen. Christopher Bond, R-Mo., cited *BusinessWeek*'s cover in a formal letter to the HUD secretary that demanded the department step up efforts to combat mortgage fraud. The story also prompted an oversight hearing in January by the House Financial Services Committee. Members of that panel grilled an FHA official about the program's inability to keep out subprime lenders with fraud convictions, revoked mortgage licenses and other lending infractions. The FHA conceded that new rules were necessary to block bad actors from taking advantage of the program and borrowers.

Going forward, FHA lending remains a major story and fertile ground for reporters wanting to track area lenders and brokers. With the collapse of subprime lending and tightening of other conventional means of mortgage money, the FHA has become the primary lifeline to consumers purchasing a home or refinancing. In fact, some lenders call the FHA "the new subprime." Congress and HUD also are trying to use the FHA program to stem the rising tide of foreclosures.

We pursued the story on several fronts: cultivating indus-



try and government sources; mining data online; and, most importantly, dogged reporting. Computer research and phone calls took us only so far. To pry out the dirty details and find the color that brings a story to life required meeting key players face to face.

One early big break came from an interview with an FHA expert. He pointed us to an obscure HUD Web site that was crucial to our reporting and efforts to find the best examples around the country.

The site is called Neighborhood Watch and can be found at <https://entp.hud.gov/sfnw/public>. HUD and the mortgage industry use this site as an early warning system to track FHA loan defaults by lender and local mortgage branches. It offers a wealth of detail for an enterprise story examining which lenders and brokers have the highest percentage of FHA loan defaults by state, county or city. Reporters also can investigate what, if anything, government officials are doing about the poor performers and how local borrowers have been affected.

Before diving in, it helps to understand some industry jargon and the relationships among various companies in the lending food chain. We were focused primarily on what are called loan correspondents – essentially the sales force that deals with borrowers. These companies receive FHA licenses and primarily rely on mortgage brokers to sell FHA loans to borrowers. These companies are middlemen and typically have agreements with larger lenders such as Countrywide and Wells Fargo to fund their loans.

The federal government insures the loans and agrees to pay for losses on a defaulted loan using insurance premiums paid by borrowers. However, our reporting indicated taxpayers may be on the hook if FHA losses reach an estimated \$100 billion over the next five years.

On Neighborhood Watch, start by clicking the Early Warnings tab. You can examine loan defaults among all lenders nationwide or zero in on individual companies. The key number is a lender's compare ratio. This shows how a company com-

compares to the national average for FHA loans in default. At the end of 2008, the U.S. average was 4.31 percent. HUD considers it a red flag if a lender's default rate is double the national average – a compare ratio above 200 percent. This one barometer helps quickly identify companies that may warrant more scrutiny. The Web site also offers valuable historical detail with addresses and phone numbers for current and former branches, which can be a roadmap to ex-brokers who may be willing to talk.

Some caveats: Many lenders have similar names, and it's easy to get confused scanning the data. Find the lender you want and search under its five-digit FHA license number. If a lender search comes up empty, then check if it's licensed under a different company name. State corporation records can help.

Another critical piece of our reporting was showing how these companies operated as subprime players prior to expanding their FHA business. We combed through the PACER Web site of federal court records and found borrowers' civil lawsuits and company bankruptcy filings. We dug up state enforcement actions and HUD audits that described sloppy or abusive lending practices.

The final step was drilling down on two lenders – Premier Mortgage Funding and Great Country Mortgage – that ultimately became central players in the story. Premier launched in 2002 and amassed 750 branches and 5,000 brokers across the country. Along the way, Premier had its license revoked in five states for various abuses, while another four states took disciplinary action against it. A barrage of lawsuits and the crash of the subprime market prompted Premier to seek bankruptcy court protection in 2007, after which a company unit in Cleveland pleaded guilty to felony fraud charges. Not a pretty picture.

But Terhune wasn't sure Premier was worth further reporting at one point because the company was shutting down in bankruptcy court. Game over. Then he stumbled upon court filings that suggested Premier was shifting assets to a related family-run firm called Paramount Mortgage Funding. A quick search confirmed that FHA had granted Paramount permission to extend government-guaranteed loans. A reporting visit to the Tampa area and interviews with Paramount officials made it clear these were many of the same people executing the same playbook one floor below Premier's old headquarters.

Berner headed farther south to Miami to investigate Great Country. Through some Internet sleuthing, he discovered the owner was also a developer, and all of the sales at one of his condominium projects were FHA loans through Great Country.

Getting the condo owners to answer questions over the phone was difficult. A source in the Florida banking division recommended a translator because many of the borrowers were of Cuban descent and spoke better Spanish than English. Together, she and Berner spent eight hours throughout two evenings knocking on doors. Berner found eight borrowers whose incomes were too low to qualify for FHA loans and four who received improper cash payments at closing, some as high as \$20,000.

The kicker came from pounding the pavement a little more. FHA recently had terminated Great Country from the program due to its high rate of default. But a Great Country employee explained that the firm had found a way around that by routing FHA loans through another lender. A computer search of state corporation documents showed that the owner of the new FHA

Tracking mortgage woes

The U.S. Department of Housing and Urban Development runs the Neighborhood Watch Web site, which flags late payments and defaults on Federal Housing Administration-backed mortgages. You can explore data at the state, county, metro area, city or ZIP code level. Here are a few tips for using the site, which can be found at <https://entp.hud.gov/sfnw/public>:

- Determine the five to 10 lenders or mortgage branches with the highest and lowest FHA default rates. Explore why, and examine how their borrowers are doing.
- Find the highest-volume FHA lenders and brokers in an area. What's their background? Are they veterans of subprime lending?
- Analyze the performance of the largest national lenders by state, city or ZIP code.

lender was a past business partner of Great Country's owner.

The situation is not confined to south Florida. As the housing crisis persists, journalists across the country can fulfill a vital watchdog role by scrutinizing the conduct of both business and government in FHA lending and other taxpayer-supported housing programs.

Chad Terhune and Robert Berner are senior writers for BusinessWeek. Terhune joined the magazine in 2008 after 11 years as a Wall Street Journal reporter. He won a National Press Club award in 2003 for a series on health insurance abuses. Berner joined the magazine in 2000 after working for The Wall Street Journal. He and three colleagues received the 2008 Barlett and Steele Award for Investigative Reporting for a series on consumer debt.



ECONOMIC MELTDOWN

PAYOUTS AND BAILOUTS

AP INVESTIGATION FINDS HEFTY EXECUTIVE PAY AT TROUBLED BANKS

BY RITA BEAMISH AND FRANK BASS
THE ASSOCIATED PRESS

We had a pretty good notion that whatever it was, the bank executives wouldn't be down at the foreclosure office alongside homebuyers hit by the mortgage bust that the banks had overseen.

Clearly, an inferno was about to engulf the executive suites. You could almost see the steam seeping from the politicians' ears when the leaders of floundering U.S. car companies sat before Congress and admitted they flew to Washington on private jets to beg for a taxpayer bailout.

With this scrutiny on the Big Three, we knew things would only get worse for the beleaguered banks. Car companies, after all, were reaping just a fraction of the \$700 billion that the crisis-racked financial institutions were getting from the U.S. Department of the Treasury. Legislators were grumbling not only about private jet travel, but also corporate retreats at exotic locales.

The banks' public relations machines revved up as best they could: Some executives would forgo their annual bonuses. That sounded appropriate enough, but we were not clear on what exactly it meant. Did bonuses entail just cash – or stock, options and perks as well? We had a pretty good notion that whatever it was, the bank executives wouldn't be down at the foreclosure office alongside homebuyers hit by the mortgage bust that the banks had overseen.

We decided to examine how much the top bank managers had raked in while the financial crisis brewed under their noses. Some stories had covered individual executives and their

fat wallets, but we wanted a more sweeping picture across the banks. We focused our attention on the banks that already had won rescue packages from the Treasury. There were dozens of them, big and small, and their bailouts ranged from a few million dollars to \$25 billion.

Thanks to transparency regulations, we had a ready source of information: the shareholder proxy reports that banks (and all public companies) file each year with the U.S. Securities and Exchange Commission. These records detail wages and benefits paid to the banks' top tier of executives and explain how the compensation is justified. The proxy reports run dozens of pages, but they are generally consistent in format and accessible reading for the non-Wall Streeter. Best of all, they are found on an SEC Web site that is easy to navigate: www.sec.gov/edgar/searchedgar/companysearch.html.

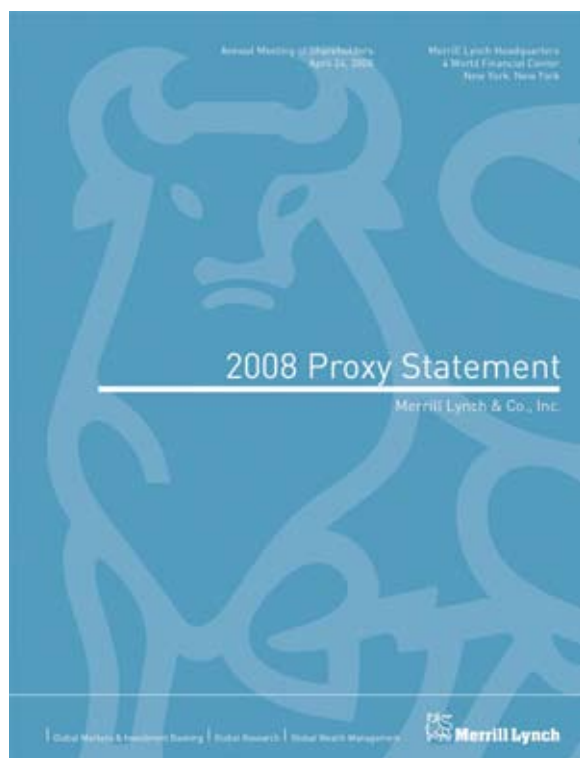
Our focus on executive compensation started with the "Summary Compensation Table" in the proxy statements. The chart lists a company's handful of top executive officers and discloses their salaries, bonuses, stock options and other forms of compensation. What would be more complex for our project was compiling these numbers for a big picture showing just how much they were making – sums that would boggle the minds of the budget-balancing families in the typical \$50,000-a-year American household.

For 2007, which was the most recent SEC filing year, we pulled the proxy statements of each bank that was receiving loans from the first tranche of the \$700 billion bailout. We used that data to build our own spreadsheet that would guide the story.

The reports include context and rationale for the pay scales, so that if a division had performed below target, for example, the bank might dock the bonus of the executive in charge. Somehow though, the suffering was not obvious most of the time. A bank might perform below expectations, and an officer being held responsible would see his compensation drop by a few million but still end up with double-digit millions.

To carry our readers beyond a tedium of dollars and cents, we looked to the trove of details provided in the proxy reports' footnotes to the "other compensation" column from the summary table. This is where the perks were counted. The money here was less than in the other columns, but it represented the largesse that was meaningful to everyday Americans. This included the chauffeured cars, personal use of company jets, country club dues, home security systems and personal financial advisers to help the swells manage all their money. These were tangible symbols that drove home the story to people whose entire income was less than some executives received to pay their tax advisers.

We wanted total compensation numbers for all of the executives, both individually and collectively. The summary compensation tables have a total, but we decided to use a more complete figure. Instead, we followed the standard formula from AP's business desk to reflect what the executives actually received during the year, rather than the accounting expense that a company books for the employees' compensation. The AP formula adds some of the summary compensation columns, excluding changes in pension values, and then adds figures from elsewhere



in the proxy statement to reflect the value of stock grants made during the year. The method and rationale is found on Page 307 of "The Associated Press 2008 Stylebook":

From the Summary Compensation Table:

Salary (column c) + **Bonus** (column d) +
Non-equity Incentive Plan Compensation (column g) +
All other compensation (column i) +
The footnoted figure from column h that talks about **above-market or preferential earnings on deferred compensation**

+

From the Grant of Plan-Based Awards Table:

Total of all numbers under "Grant Date Fair Value of Stock and Options Awards" (column l)

= **TOTAL**

After reviewing the records for 600 executives at 116 banks, we had our story. It ran on the AP wire on Dec. 22, 2008:

Banks that have their hands out in Washington this year were handing out multimillion-dollar rewards to their executives last year.

The 116 banks that so far have received taxpayer dollars to boost them through the economic crisis gave their top tier of executives nearly \$1.6 billion in salaries, bonuses and other benefits in 2007, an Associated Press analysis found.

That amount, spread among the 600 highest paid bank executives, would cover the bailout money given to 53 of the banks that have shared the \$188 billion that Washington has doled out in rescue packages so far.

The banks didn't have much to say when we called them for comment. The records spoke for themselves. But two members of Congress voiced their outrage for our story. Rep. Barney Frank, the chairman of the House Financial Services Committee, called it appalling that the banks' rationale for their massive pay packages was to keep their executives motivated. "You've got to bribe them to do the jobs for which they are well paid to do in the first place," he said.

It wasn't hard to predict that the story would set off the outrage meter. We made front pages across the country. The story was part of a growing storm that would culminate weeks later in legislation and a denunciation from President Barack Obama when New York state released its own broader study of executive compensation at the banks.

Rita Beamish and Frank Bass are investigative reporters for The Associated Press.

The 116 banks that so far have received taxpayer dollars to boost them through the economic crisis gave their top tier of executives nearly \$1.6 billion in salaries, bonuses and other benefits in 2007, an Associated Press analysis found.

Looking up salaries

For all of its alleged failings as a regulatory agency, the U.S. Securities and Exchange Commission has put together a user-friendly Web page for finding corporate filings. Gauging executive pay is basically a three-step process. Begin on the search page at www.sec.gov/edgar/searchedgar/companysearch.html

- Type in the company name or ticker symbol. A partial name is OK.
- In the Form Type box on the next page, type "DEF 14A." That signifies a "definitive" proxy statement rather than a preliminary report.
- Select the proxy statement for a given period.

Sometimes, there will be multiple files. As a general rule, you'll want to open the HTML or PDF files to get to the heart of the matter.



ECONOMIC MELTDOWN

RESOURCES

BY TORI MOSS
THE IRE JOURNAL

Stories

Story No. 20316: John McCarthy, *Florida Today*. The series “Lessons from the Downturn” addressed topics that Brevard County readers might be interested in relating to the volatile real estate market, including home values, foreclosures, property taxes, flipping, overbuilding and market rebounds. (2007)

Story No. 20876: Robert Tanner, David Crary, The Associated Press. The series “Tough Times, Tough Choices” examined the choices – i.e., raising taxes or cutting services – state governors and legislators must make to address their states’ financial woes and the impact those decisions have on everyone from inmates to students. (2003)

Story 21843: Judy Gibbs Robinson, Steve Lackmeyer, Ryan McNeill, John Perry, *The Oklahoman*. The seven-part series “Building a Life, Paycheck to Paycheck” examined the working poor, unemployment and poverty through the lives of four Oklahomans whom reporters followed for five months. (2004)

Story No. 23378: Kimbriell Kelly, Alden K. Loury, Aliza Appelbaum, Michelle Sibery, Matt Miller, Marine Olivesi, *The Chicago Reporter*. “The High Cost of Homeownership” examined home loan lenders, high-cost mortgages and other factors impacting the troubled housing market. (2007)

Tipsheets

No. 367: “Business investigations and cooking the books,” Jack Ewing, *BusinessWeek*. The two sections of this tipsheet offer advice on how to investigate corporations and their sometimes questionable financial practices.

No. 2544: “Investigating business journalism: Prepare for the hunt,” Diana B. Henriques, *The New York Times*. This tipsheet shares the five Securities and Exchange Commission forms and filings, such as the proxy and registration statements, that every reporter should know before investigating businesses.

No. 2797: “Tracking local employment and pay trends,” David Knox, *Akron Beacon Journal*. This tipsheet outlines how journalists can use the Bureau of Labor Statistics’ Quarterly Census of Employment and Wages to track employment in nonmetropolitan areas. The QCEW collects data on employees who are covered by unemployment insurance and offers comparable data for each U.S. county.

The IRE Journal

“Mortgage Mania: Aggressive lending has long-term impact as neighborhoods suffer from foreclosures,” Geoff Dutton, Jill Riepenhoff, *The Columbus Dispatch*. The series “Brokered Dreams” investigated predatory mortgage lending and the impact foreclosures had on homeowners who remain in the affected neighborhoods. The reporters mapped statewide data and showed that foreclosure was not only an urban problem but also increasingly a suburban and rural issue. Also see Tipsheet No. 2812 by Dutton and Riepenhoff. (March/April 2006)

Extra! Extra!

“A look inside the fall of Bear Stearns,” Bryan Burrough, *Vanity Fair*. Through internal accounts of the investment bank’s demise, some suggest that an investigation by the Securities and Exchange Commission would point to evidence that Bear was the victim of short-sellers who make bets a firm’s stock will go down. Burrough’s investigation found that many believe the fall of Bear Stearns is “the greatest financial scandal in history.” (*Business, Government (federal/state/local)*: July 29, 2008)

Uplink

“Measuring your local economy,” John Byczkowski, *Cincinnati Enquirer*. Byczkowski lists key indicators, such as employment and construction, that journalists should examine when gauging their community’s economic condition. He explains how to get, use and analyze the data. Also see Tipsheet No. 1511 by Byczkowski. (May/June 2002)

Online

“Beginners’ Guide to Financial Statements” (www.sec.gov/investor/pubs/beginfstmtguide.htm) The U.S. Securities and Exchange Commission’s publication provides a guide for average people to understand the four main types of financial statements: balance sheets, income statements, cash flow statements and statements of shareholders’ equity.

ShovelWatch (www.shovelwatch.org) The site attempts to track the billions of dollars of the stimulus bill through interactive features, investigative reporting and public input. It is a joint project of ProPublica, *The Takeaway* and WNYC-New York.

“The Merrill Lynch Guide to Understanding Financial Reports” (www.ml.com/media/14069.pdf) The 47-page booklet by the financial management and advisory company breaks down corporate financial statements.



ECONOMIC MELTDOWN

CALL FOR ENTRIES

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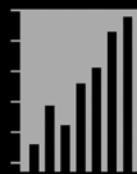


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Find complete rules and details online at
www.businessjournalism.org/barlettsteeleawards/



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DAY CARE DANGERS

I-Team uses paper records to build searchable database

BY STEPHEN STOCK, JASMINE KRIPALANI AND GIO BENITEZ
CBS4 – MIAMI-FT. LAUDERDALE

CBS4 – Miami-Ft. Lauderdale



Gloria Cantens-Purchon plays with her 2-year-old daughter, Sofia, who walked away unnoticed from a Miami-Dade day care.

On the surface, the story idea appeared simple: Identify the day care centers with the most violations in South Florida.

But once the CBS4 I-Team dug deeper, the simple idea grew to a monumental task requiring seven team members seven weeks to type data gleaned from 10,425 inspection records into a spreadsheet.

That's because the state's system allows inspectors only to record violations. The Florida Department of Children and Families, the agency that oversees day care safety, fails to tally, query, analyze or monitor its own data. Regulators have no way of keeping tabs on repeat offenders.

So, the CBS4 I-Team did what the state had not.

Led by reporter Stephen Stock and producers Jasmine Kripalani and Gio Benitez, the team spent weeks entering the paper inspection records into a Microsoft Excel spreadsheet.

When completed, the spreadsheet showed the number and category of each "noncompliance" or "fails to comply" for every inspection of every day care in South Florida from 2006 through 2008. It totaled 10,425 inspection records for 1,358 different day cares.

Stock then used a Microsoft Access database to conduct preliminary queries, such as grouping the centers to find which ones had the most violations. When the task and the queries became too complicated, we enlisted the help of IRE. Then-Database Library Director Jeremy Milarsky was invaluable in helping further refine our queries and totaling the day cares with the most violations in each county in our coverage area.

The project worked so well that CBS4 asked IRE to help us further. CBS4 paid for Milarsky's time to take our raw data and use mapping software to create an interactive map on IRE's server. With Milarsky's help, our Web team then built a frame that allowed visitors to www.cbs4.com to seamlessly click on an interactive map and find any licensed day care in South Florida. Clicking on the center's icon pulls up state inspection information. Just this May, the CBS4 I-Team added day cares in the entire state of Florida to its online database.

The stories behind the data were heartbreaking and troubling.

Chitia Porter's 8-month-old son, Robert, suffered severe burns after a bottle of water being heated at his day care spilled on him. "Literally his whole face had been burned," the mother told CBS4.

Most disturbing, three months before Robert's accident, an inspector cited the day care for leaving a boiling crockpot on the kitchen counter in a room with unlocked doors. The room, the inspector found, was accessible to children.

Our analysis revealed Robert's day care topped the list in Broward County for the number of violations of basic safety rules in 2008, with more than 50. State officials categorized eight of them

as serious. Records also showed the day care repeatedly violated three serious offenses: children-to-adult ratios, facility conditions and worker background screenings.

When confronted, the day care's owner blamed the problems on the challenges of opening a new business. "It was an incident that could have happened in the home as well as the business," the owner said. "Would you sue the grandmother if it happened in the grandmother's house?"

In another example, the CBS4 I-Team interviewed a mother whose 2-year-old daughter wandered from her day care in Miami. The child found herself only steps away from a busy five-lane street. Strangers, not the center's employees, found the girl, who was unharmed.

"There's no accounting," her mother said. "I put my trust in someone and it was misplaced."

When Stock confronted the center's owner, she said there were enough adults on duty that day – one for every six children.

Stock: "But the supervision wasn't (enough). Clearly."

Owner: "Mistakes happen. Mistakes happen with parents, and we do the very best we can."

The mother ultimately transferred her daughter to another center.

Until this past summer, state law prevented the agency from taking steps to aggressively close down centers without a drawn-out process. Even with the change in the law, the state has closed only three day cares out of more than 1,400.

But thanks to the team's investigation, the state of Florida has changed the way it tracks troubled centers. For the first time, the state has agreed to release inspection records in a form that will allow the public to view them as soon as the violations are recorded.

The I-Team's analysis was adopted as a model for the state agency, which asked CBS4 to share its data analysis with them in order to better identify repeat offenders. The CBS4 database remains online at <http://cbs4.com/iteam/iteam.day.care.2.868889.html>.

The analysis also revealed that:

- The most troubled centers had 50 to 70 violations in two years.
- One had 71 and was still operating. 92 day care centers in Miami-Dade County and 44 in Broward County had 20 or more violations.

This was one of the most time-consuming and difficult investigations we've undertaken because of the massive work involved in compiling the data. The hard work paid off because of the results and the implications for the safety of children. The project also generated a lot of interest among parents and community leaders.

Reporters in any community can do a similar investigation. We continue to do stories on this issue – not only to hold state regulators and individual day care owners and directors accountable, but also to give voice to those who most often don't have a voice at all: young children.

First, see if your state keeps a spreadsheet with this information already compiled. If so, then this should be available under even the narrowest freedom of information laws.

If the state doesn't have electronic records (as Florida did not), then that is part of the story. How can a state regulatory agency track troubled day cares? How can the state know which centers are the most troubled or unsafe for children if it doesn't track this data?

If you end up doing the work that the regulators should be doing, then you'll provide a public service unrivaled by many

continued on page 31

CBS4 – Miami-Ft. Lauderdale



Taken by the mother, the photo shows injuries her 8-month-old son suffered after he pulled a pot of boiling water down while unsupervised at his day care. The accident came months after state inspectors warned the day care about correcting the same safety problem.

LICENSE TO NEGLECT

Regulators fail to punish violators of child care laws

BY ERIN MIDDLEWOOD
THE (VANCOUVER, WASH.) COLUMBIAN

The worst happened soon after Greg and Tomoko Knudtson of Vancouver, Wash., entrusted their 11-week-old daughter, Jenna, to the same home-based child care provider who had watched their eldest daughter for two years.

The caregiver discovered Jenna wasn't breathing when she went to wake the baby after an hours long nap. The Clark County, Wash., medical examiner determined that Jenna had suffocated.

The Knudtsons started asking questions after Jenna's death in 2004. They wanted to know how their infant daughter could have been left alone for hours on the second floor in a crib with a pillow and blanket, which violated licensed child care regulations and basic health guidelines.

Greg Knudtson contacted *The Columbian*. It was a break in an investigation the newspaper already had undertaken on Washington state's regulation of child care. The three-day series, which I wrote with colleague Stephanie Rice, revealed that licensers knew of serious repeated problems in Clark County child care facilities but failed to take action. (It's available online at www.columbian.com/childcarenightmare.)

Knudtson wanted to help the newspaper, but he wasn't sure he wanted his family's anguish detailed for the newspaper's 44,000 readers. Ultimately, reassured that their story would be handled with care and would help other parents, the Knudtsons agreed to be quoted and photographed.

Another bit of luck came when a child care licenser fired by the state agreed to on-the-record interviews.

What came harder were Washington's child care records. It took two years of wrangling for us to obtain all of the documents necessary to demonstrate that the state agency charged with holding child care providers accountable instead saw its mission as helping them stay in business. Even as Gov. Chris Gregoire launched a new department in her push to improve early-childhood education, the state was failing to enforce basic safety standards.

Roughly one in 10 Clark County child care facilities – running the gamut from small home-based operations to facilities operated by corporate chains to centers run by the public school system – repeatedly violated health and safety regulations with little or no consequence. Regulators made it difficult for anyone to distinguish these facilities from well-run operations.



N. Scott Trimble | *The Columbian*
Michele Frank advocates for greater oversight of child care providers after her daughter, Jaclyn, died by becoming entangled in cords on window blinds at a child care center in Bothell, Wash.

The Columbian's review of 13,000 complaints filed against Clark County, Wash., child care providers between 1995 and 2006 found that the state extended many chances to providers, putting children in harm's way. Children suffered molestation, abuse and accidental injury. In cases where operators were allowed to stay open, violations rarely led to sanctions. Most often, regulators asked providers to sign a compliance agreement indicating they would fix the problem.

Let's admit this up front: Our investigation started as a proverbial fishing expedition, though one that looked promising, given anecdotal information we had about child care oversight.

In 2004, Rice and I wrote a story about the shaking death of a child in an unlicensed child care home. In interviews, state officials said they didn't have the resources to go after unlicensed child care facilities in Washington. We wondered: How well does the state police the ones that are licensed?

The newspaper's top editor, Lou Brancaccio, thought child care was worth investigating. He wanted a project that crossed divisions inside the newsroom. He asked features editor Elisa Williams to head the project. Together, they assembled a team of three reporters: one from features, one from business and one from metro. Rice and I were not among them. Two later left the paper. The third was buried by the demands of covering the city beat.

Rice and I left on maternity leaves just a month apart. When we returned, we learned the child care investigation had stalled. Williams asked me to step in.

The paper initially requested all records relating to child care regulation in Clark County. A state records officer said the documents would cost \$13,000; she suggested requesting only enforcement actions. Those records detailed the rare

The *Columbian's* review of 13,000 complaints filed against Clark County, Wash., child care providers between 1995 and 2006 found that the state extended many chances to providers, putting children in harm's way.



N. Scott Trimble | *The Columbian*
Margo Logan teaches a class about child care safety in Portland, Ore., as part of her consulting business. Once a child care licenser for the state of Washington, Logan says that the state doesn't do enough to weed out facilities with histories of problems.

Lessons learned

For other small newsrooms contemplating long-term investigations, here are tips learned the hard way:

- **Take a back-burner approach.** Sure, our project was a two-year odyssey. But most of that time was spent waiting for records while we went about our usual duties.
- **Assume your project is going to be big.** I had a heck of a time keeping documents organized because I wasn't sure how many I would end up with or what role they would play in the story. I wish I had started with several document boxes, colored tags and files.
- **Don't dismiss sources just because they have an agenda.** Child care providers we interviewed were sure we were only doing our story because fired licenser Margo Logan put us up to it. We never took her word for anything, and she knew we wouldn't. She helped us navigate the bureaucracy's records.
- **Look for other agencies that might touch on your topic.** We had no idea that one of the most important documents for our story ultimately would come not from the agency that oversees child care regulation but from the state Office of Financial Management. Whistleblower reports filed with the state Auditor's Office were also helpful.
- **Think electronically from the outset.** We did not have a searchable online database to go with our story, and I wish we had. It would have required a different approach from the outset, given the disputes over records and the trouble we had making sense of them. Next time, I will look for the database opportunity first.

- Erin Middlewood, *The (Vancouver, Wash.) Columbian*

N. Scott Trimble | *The Columbian*



Greg and Tomoko Knudtson and their daughter Nicole memorialized 11-week-old Jenna by creating a fountain and garden in the back yard of their home in Vancouver, Wash. Jenna died of suffocation while at a child care provider's home.

cases when the state yanked a child care provider's license or levied fines.

Those documents weren't enough, Williams maintained. She said that although the incidents were shocking and would grab readers – one home-based provider had a registered sex offender living with her, another kept a python named Menace – they didn't speak to systematic problems. In the context of child care regulation, cracking down on these obvious cases was the news equivalent of a plane landing safely. We had to look deeper.

Williams was right. And we didn't have to pay \$13,000 to get our story. We were able to get the records we needed for about 10 percent of the cost the state initially quoted.

Mindful of our limited resources, Williams directed me to see what I could find before adding another reporter to the project. As a part-time features writer, I report to Williams, and she gave me the flexibility to drop other stories at times when the investigation demanded my attention.

I met with Margo Logan, the fired state licenser, who described how records were kept. I requested records of all complaints against child care providers. The state provided a list with case numbers and a one- or two-word description of each offense. From that, I built a spreadsheet. I then requested state licensers' reports for more detail on complaints deemed valid or inconclusive.

Once we had these reports coming in, Williams tapped Rice to help. Rice covers courts, and her expertise was invaluable as we delved into the reports. She drew on her relationships with detectives for insight into cases that police had investigated but not charged anyone. Until the last week before publication, she managed to work on the series while churning out daily stories from her beat.

By the end of the project, we had filed 14 requests for records including whistleblower reports, policy manuals and personnel evaluations. Brancaccio never flinched when I updated him on the latest delay, \$200 bill for records or conversation with the newspaper's attorney.

But the most crucial documents were the child care licenser reports, and they were slow in coming. We first requested the records from the state Department of Social and Health Services in August 2005. Then the newly formed Department of Early Learning took over child care oversight in 2006. Both agencies took their time releasing records. They notified the child care providers whose records we had requested and gave them 30 days to seek an injunction against release of the documents.

The state took five months to fulfill one of our requests. Most took 45 to 60 days. When they did arrive, records had critical information removed.

Rice and I deciphered licensers' reports, and we added that information to our database. It became clear that of the county's roughly 300 child care providers, 30 had repeat histories. When we looked more closely at those facilities, we found that the state rarely meted out punishment.

We wanted names of parents so we could interview them about their reaction to the state's handling of their complaints. The state redacted names of parents and children, even though the state Open Record Act did not exempt those names from release. With the help of our lawyer, I drafted an appeal to the state attorney general's office, which sided with the newspaper.

Then the Department of Early Learning sent letters to parents to give them a chance to try to stop release of the information. Some parents called us, angry that we would seek the names of them and their children, and refused to be interviewed. Many defended their child care providers.

As we neared publication, the state Office of Financial Management posted a report on its Web site that confirmed we were on the right track. The office undertakes loss prevention reports on big-money lawsuits against the state. The OFM had assembled a panel of experts to investigate after the state paid \$4.5 million to the family of a Spokane girl permanently brain-damaged when her child care provider threw her on the floor. According to the report, licensers had cited 20 violations at the child care home in 12 years and placed the provider on probation twice, yet the state failed to revoke its license.

The report confirmed our working theory: The state was not enforcing its regulations.

Williams didn't want to see us waste time or cause needless anguish, so we waited to talk to child care providers until we knew whom we would name in the story. When they declined to be interviewed, we sent registered letters outlining the details of their cases and asked again for their comment.

Williams repeatedly urged us to keep the consumer in mind. Given how difficult it was – even with its attorney and institutional know-how – for the newspaper to get histories of child care providers, parents didn't stand a chance. We devoted one day of the series to discussing that lack of information.

The Washington State Child Care Resource and Referral Network operates under a contract with the state, yet the Department of Early Learning does not provide the network with access to the state's database of violations. The state alerts the referral network to stop providing information on child care providers only after they have been put on probation or have had their licenses suspended.

State law requires that the child care regulatory agency provide on a "publicly accessible Web site all inspection reports and notices of licensing actions, including the corrective measures required or taken" dating back to July 2005. The Department of Early Learning Web site hadn't attained that level of detail and, in fact, removed some information as we were working on the story.

As Rice and I completed the series, the state revoked the licenses of four of the child care providers we investigated. We made changes right up to the day before our first story ran. The newspaper's attorney reviewed all of the stories. Williams worked with us to fact-check them line by line.

After our series ran, the governor secured money for five new child care enforcers. To help parents, the state put more information about child care providers' licensing histories online.

Erin Middlewood is a reporter for her hometown paper, The Columbian of Vancouver, Wash. "Child Care Nightmare" won a Sigma Delta Chi award.

The Washington State Child Care Resource and Referral Network operates under a contract with the state, yet the Department of Early Learning does not provide the network with access to the state's database of violations.

DAY CARE

continued from page 28

other projects.

After you have the full database, start reading individual inspection reports on the most troubled centers. You'll be surprised at the disturbing events that happen to and around children. Using this, you can create a narrative that brings the data to life. After that, confront the owners of the most troubled centers and get reactions from local, state and federal officials.

Our investigation is still inspiring results. Thousands of people went online to review the data that our investigation made available in map form for the first time in state history. Many spent, on average, 10 minutes reviewing the information.

Our investigation garnered national attention. The results prompted other stations to begin exploring similar investigations in Illinois and North Carolina. We received attention in The Poynter Institute's "AI's Morning Meeting" and on Investigative Reporters and Editors' Extra! Extra!

We continue to receive e-mails from parents, grandparents and others with praise and questions about the data.

Stephen Stock is an investigative reporter for the CBS4 I-Team and specializes in computer-assisted and public corruption projects. Before coming to Miami in 2007, he was an investigative reporter at WESH-Orlando for 16 years. Jasmine Kripalani worked at The Miami Herald before taking her skills to television. She joined CBS4 as a producer in 2008. Gio Benitez has been an investigative producer at the station since June 2008 and has worked on several projects.

CBS4 – Miami-Ft. Lauderdale



CBS4 I-Team investigator Stephen Stock questions a day care director about the business' state inspection safety record.

Our investigation is still inspiring results. Thousands of people went online to review the data that our investigation made available in map form for the first time in state history. Many spent, on average, 10 minutes reviewing the information.



Darlene Patterson walks granddaughter Deondra Scott, 4, near the Wyandotte Early Childhood Center in Baton Rouge, which is less than half a mile from a refinery.

POLLUTION SOLUTION

Innovative analysis, partnerships track toxics near nation's schools

BY BLAKE MORRISON AND BRAD HEATH
USA TODAY

When we began working on “The Smokestack Effect” in early March 2008, we started with two questions: How dangerous is the air our children are breathing at school? And is the government doing enough to protect them?

Morrison, part of *USA Today's* projects unit, had been looking at environmental issues and became curious about the impact of industrial pollution on children, who are as much as 10 times more susceptible than adults to the dangers of toxic chemicals.

Nine months later, beginning in early December, Morrison and database reporter Brad Heath produced a series of stories and an interactive database that has prompted a sweeping response from coast to coast, on the local, state and national levels:

- Hundreds of media outlets localized our stories or used the database to report on schools in their area.
- One advocacy group tracked about 8,000 letters to Congress from parents and others in response to our stories.
- School districts from California to North Carolina called in regulators to begin long-term air monitoring after seeing the results of air samples taken by *USA Today*.
- State environmental officials in Iowa, Ohio and Pennsylvania launched inquiries for the first time into whether industrial chemicals tainted air outside schools.
- And President Barack Obama's choice to run the Environmental Protection Agency, Lisa Jackson, promised swift and specific action that the agency had never before taken. She pledged to deploy regulators within 30 days to check air quality around hundreds of schools identified in our series.

“*USA Today* did what investigative journalists do,” Jackson told a U.S. Senate committee in January, “which is to find a problem that needs answers.”

During months of reporting, we learned a number of lessons – about pitching the project, about data and their limitations and potential, about work-arounds, about ways to stretch budgets – that transcended the particulars of this series. Some are basic; others seem especially relevant as newsrooms contract but still look for ways to do ambitious journalism.

The pitch

Morrison sent top editors a 12-page proposal in March. It began with the questions and contained a description of the project, a synopsis of what already had been reported on the subject and a vision of how *USA Today* could break new ground.

Morrison knew about the EPA's Toxic Release Inventory program, or TRI, which requires the nation's largest industries to tell the public about the amount and types of chemicals they emit. Then he came across a computer simulation developed by the EPA called Risk-Screening Environmental Indicators, or RSEI. It uses air dispersion modeling and weights the dangers of each chemical to give meaning to the TRI data. A public version is available on the Web at www.epa.gov. The EPA has built several different models, each with its own strengths and weaknesses. We chose RSEI because it is the agency's most up-to-date way to track industrial pollution. To do what we envisioned, however, we needed the raw data.

Morrison discovered that researchers at the University of Massachusetts Amherst had spent several years getting that data from the EPA. Joined by Heath, we explained to the researchers



Sen. Barbara Boxer, D-Calif., asks about the Environmental Protection Agency's handling of children's health issues, specifically about toxic industrial emissions near schools, during the confirmation hearing of new EPA administrator Lisa Jackson.

that we wanted to use the raw data to examine the impact of industrial pollution on schools across the nation. The microdata would enable us to use pollution emissions reports, which are submitted to the EPA as part of the TRI program, to assess the predicted concentrations of hundreds of chemicals in any square kilometer in the country.

Simultaneously, we began gathering data to map the locations of almost 128,000 public, private and parochial schools. We obtained the locations of most of the schools from the U.S. Department of Education's Common Core of Data. But because those data were two years out of date, we supplemented them with lists of schools we collected from more than two dozen state education agencies and information gleaned from newsletters we purchased through an organization that monitored school construction. We wanted the database to be as complete – and as current – as possible.

Our goal was to meld the data sets so we could see how industrial pollution affected the air at locations where children were required to gather.

The initial proposal also identified obstacles we might face and included a Q-and-A to help frame the discussion with editors. Perhaps most important, it suggested partnerships, such as that with U Mass, that would help us execute the project at a high level and would save us time, money and staff.

But we weren't satisfied with simply *modeling* pollution. The computer simulation was meant as a screening tool, and that's how we were going to use it. That's why we partnered with Johns Hopkins University's Bloomberg School of Public Health. We approached scientist Patrick Breyse, who is one of the nation's foremost experts in childhood asthma. We outlined

the project to Breyse, and he agreed to help oversee our efforts to take air samples near schools. He and a colleague, Amir Sapkota, from the University of Maryland, would train reporters and editors on how to use a variety of equipment – from pumps to metals filters. The scientists would also develop the protocol we used and analyze the samples – plus interpret the results – at cost.

Key points:

- Begin the pitch with a clear question that has a newsworthy answer. It will keep you focused and help focus the stories – and your bosses – on what really matters.
- Consider a Q-and-A as part of the pitch. It enables you to direct the discussion and address concerns before others raise them.
- Consider looking outside your newsroom for help. Researchers at top universities across the nation often have insights and skills that we lack. Look for ways they might be willing to help. In our case, the benefits of involving Hopkins were many. They had expertise we did not; their involvement saved us money; and their analysis gave our findings authority and greater credibility than if we had paid a private firm to evaluate the air samples we took.

Our goal was to meld the data sets so we could see how industrial pollution affected the air at locations where children were required to gather.

The data analysis

The data we used to determine which schools were in toxic hot spots were based on 2005 TRI reports. They were the most recent data on industrial pollution that the EPA had modeled.

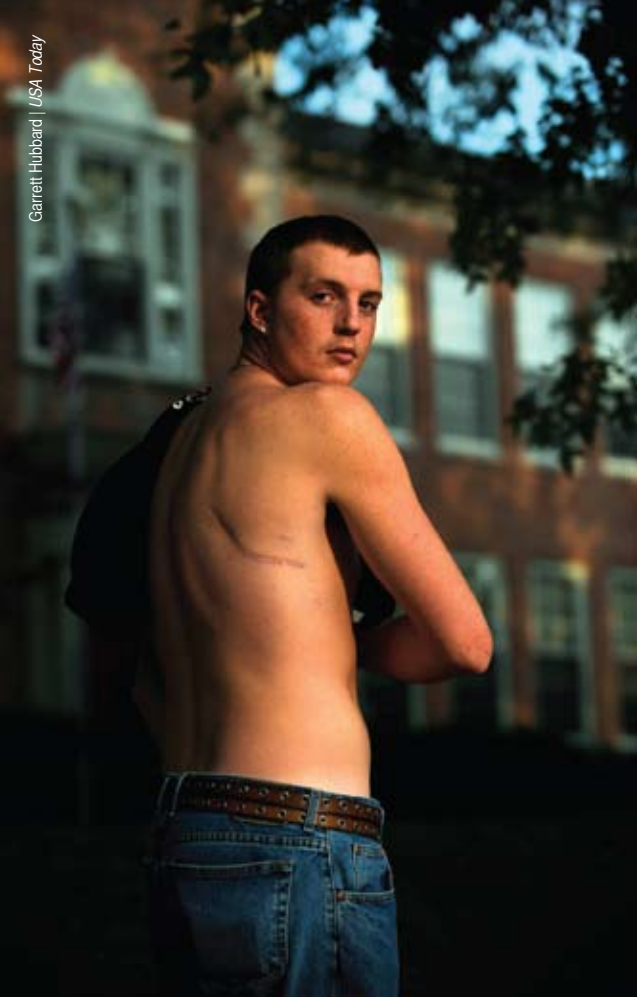
The model divides the nation into a grid with each cell

Schools that ranked worst

A USA TODAY analysis of EPA data indicated the air outside these schools had the highest levels of dangerous toxic chemicals, most of which have never been tested for their effects on children.



Sources: USA TODAY analysis of EPA data. Produced by David Evans, Brad Heath, Chad Palmer and Rhyné Piggitt, USA TODAY



Matt Becker's 7-inch scar came from exploratory surgery after doctors thought they saw another tumor in the 17-year-old. Neither he nor his doctors know what caused his non-Hodgkin lymphoma. His mother fears his medical problems are related to living near a plastics factory.

Laws require regulators to check for only a few pollutants, not dozens of the most dangerous industrial chemicals. That's one of the reasons why we dispatched more than 30 reporters – from *USA Today* and other Gannett properties – to monitor outside 95 schools in 30 states.

measuring 1 square kilometer. Then, it calculates how much of each chemical released by each facility is likely to end up in the air in each cell. Those concentrations are then weighted, based on how much harm the EPA determined is likely to be caused by each chemical. In short, for each square kilometer the model produces an estimate of which chemicals were in the air, where those chemicals came from and how harmful they might be.

The databases that store those results are massive. The public version available for free from the EPA is far less detailed than the dataset that U Mass acquired and we used. We sent the U Mass researchers a list of the coordinates for about 128,000 schools, and they supplied parts of the datasets that corresponded to those locations. They also graciously helped tutor us on the model and steered us around pitfalls.

We spent months refining our analysis – and understanding its limitations. We spoke and met with EPA staffers

repeatedly. We also consulted university researchers and the experts who designed the model. That left us with a critical list of do's and don'ts. Computer models rest on sets of assumptions, and RSEI is no different. Its developers made assumptions about the height of smokestacks, for instance, or the topography (to RSEI, the world really *is* flat). Because of those limitations, the EPA has balked at using the model to determine the health risks at any given location. Instead, it said, the model was meant as a screening tool – a way to rank one location against another to determine which area might demand further scrutiny.

Some researchers have tried to use RSEI to calculate the odds that exposure to air pollution will cause cancer. Mathematically, that's not hard to do. The government has a standard formula it uses to determine how much your risk of contracting cancer goes up based on exposure to various levels of toxic chemicals. But after much discussion, we opted against that approach. Instead, we developed a work-around and used the case of an Ohio school that had been shut down in 2005.

That school, Meredith Hitchens Elementary in Addyston, Ohio, sits across the street from a plastics plant just west of Cincinnati. After residents complained, the Ohio EPA put an air monitor on the school's roof and took samples for seven months to determine the health risks. Their results were stunning: Levels of carcinogens in the air were 50 times higher than what the state considers acceptable. The school district closed Hitchens immediately. Morrison and Heath used Hitchens as a benchmark. The monitoring done by the state EPA there – and

the risk assessment that its monitoring established – became a means of using RSEI to identify locations where the risks to children appeared the same or greater than at Hitchens.

Using RSEI in the manner the EPA intended, we found 435 schools that ranked worse than Hitchens. In other words, the air appeared to be more toxic outside 435 schools than it was at a school that had been shuttered. U.S. Sen. Barbara Boxer, who chairs the Environment and Public Works committee, considered our findings “a shocking story of child neglect. ... If *USA Today* can do this, certainly the EPA can do this,” the *California Democrat* said.

We listed all 435 schools in print, but we also published a database online that enables users to look up any school in the country. The database, at www.smokestack.usatoday.com, became the backbone of our reporting and empowers parents to learn about the types and sources of chemicals that might touch their child's school. It drew more than 1.2 million page views in December alone, and we're still fielding e-mails from parents who want to know more.

Key points

- Look for multiple data sources – and groups or individuals who already might have acquired them.
- Talk through problems when you find them. Find potential critics before they find you, and let them weigh in on your methodology. Knowing the EPA's objections, for instance, enabled us to consider ways to address them and avert headaches later.
- Admit your limitations, and be prepared to update and revise. There's simply no way to publish a database of 128,000 schools – all based on reports the schools file with the government – without a couple of locations being inaccurate. We heard from about a dozen schools that said they weren't located where the federal data said they were. Some had moved since the data were collected. We updated the data accordingly.
- Be creative. Your data might be limited, but don't let them be *limiting*. Think of ways to supplement what the government offers – or ways to use it that the government hasn't considered.

The monitoring

With the guidance of Johns Hopkins and the University of Maryland, projects editor Linda Mathews oversaw the mindboggling logistics of our monitoring efforts.

Laws require regulators to check for only a few pollutants, not dozens of the most dangerous industrial chemicals. That's one of the reasons why we dispatched more than 30 reporters – from *USA Today* and other Gannett properties – to monitor outside 95 schools in 30 states. In many cases, we selected schools that ranked high in the RSEI analysis. In other cases, we chose locations where we had no reason to believe toxic chemicals were at high levels.

Reporters were trained to use pumps, metals filters and other equipment, and they spent weeks taking “snapshot” samples. Because we suspected schools would be reluctant or unwilling to let us on their property, we set up our equipment nearby, usually within about 100 yards. That meant persuading neighbors to let us use their yards or porches for a week.

Hopkins and Maryland analyzed the results, and given our small sampling window, we conveyed those results with care. They were not meant to be definitive; they were meant to be

illustrative. And in almost every case, our monitoring efforts still exceeded those of the government.

We found what our experts characterized as elevated levels of chemicals outside 64 schools, and our findings spurred quick action. Pennsylvania, for instance, set up long-term monitoring stations at seven schools where we took samples. In Midland, Pa., we found high levels of chromium, which is a possible carcinogen. The town's mayor, Angela Adkins, thanked us. The school's superintendent demanded the state conduct its own tests the same day we told him of our findings. Our work also mobilized parents or public officials in states such as Ohio and Iowa, and in cities such as Greenville, S.C.; Brookings, S.D.; Berkeley, Calif.; and Kennett, Mo.

"A lot of good's going to come of this," Kennett Superintendent Jerry Noble told us.

Key points:

- Rely on experts to do what you cannot, but question them as you would any source. During our discussions with Hopkins about the results of our monitoring, we asked the same sort of questions we might ask a source who wanted us to report on what he or she found.
- Be forthright. Explain to readers what you've found, what you know and what you don't. Be transparent. We published our methodology online but have still heard from regulators across the country looking for more information about our research. Decide up front how much you're willing to share with them.

We shared what we published and continue to explain in greater detail whatever remains unclear.

- Start a blog. A blog would have helped us show how other media were handling the story, address misconceptions that officials or the reporters themselves have created and keep the issue focused on the substance of the project.
- Be available. After the first two days of the series were published, we did online chats, posted a Q&A and set up an e-mail address to handle questions, comments and concerns. We were inundated with inquiries.

Postscript

Before we published, we shared our findings with the EPA. Even though the agency had a special office in charge of children's health, the director of the office told us such analyses weren't her responsibility. The previous director saw her role differently. "It didn't occur to me to do this study when I was there, and if it had, we would've initiated it," former director Ramona Trovato told us. "If I were still in that job, the only thing I'd feel is, 'I wish I'd thought of it.'"

Blake Morrison is an investigative reporter and the deputy enterprise editor at USA Today. After Sept. 11, he began covering aviation security. Before joining USA Today, Morrison worked at the St. Paul (Minn.) Pioneer Press. Brad Heath is a national reporter at USA Today, where he specializes in data-driven enterprise. Before joining USA Today, he was an enterprise writer for The Detroit News.

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Santia Fe New Mexican photo



Investigative Reporters and Editors, Inc. is a grassroots nonprofit organization dedicated to improving the quality of investigative reporting.

10 rules of the road for nonprofit centers

BY CHARLES LEWIS

In these frustrating times of shrinking commercial newsrooms, unprecedented numbers of talented investigative journalists have nowhere to work. For the sake of our lonely profession – and indeed for democracy itself – we need to preserve and enlarge the public space for high quality investigative journalism. The only way to do that is to create new economic models to enable this hugely important work.

Muckrakers are not generally known for their business entrepreneurialism, personnel management skills or financial acumen. However, we are all necessarily practical and pragmatic. That may partly explain why the two oldest investigative reporting nonprofits in the United States – the Center for Investigative Reporting and the Center for Public Integrity – were separately created by investigative reporters in 1977 and 1989, respectively. In both cases, their founders needed jobs.

Lowell Bergman, Dan Noyes and David Weir in northern California, and myself in Washington, under different individual circumstances, sought a safe haven to do quality investigative reporting about the powers that be, unfettered by time, space, editorial or commercial limitations. CIR began from Bergman's house; CPI began from mine. The rest, as they say, is history.

Nonprofit journalism is hardly new. Some of our most venerable media institutions have operated that way, including The Associated Press, National Public Radio, the Public Broadcasting System, *National Geographic*, *Consumer Reports*, *Mother Jones*, *Foreign Affairs*, *Harper's*, the *Christian Science Monitor* and numerous other newspapers. But now, more broadly and in direct response to the commercial news media meltdown, something historically stunning has been occurring. Nonprofit investigative reporting centers are proliferating throughout the nation. We are witnessing nothing less than the dawn of a new investigative journalism ecosystem in the United States, in which the most ambitious reporting projects will increasingly emanate from the public realm, not from private, commercial outlets.

In just the past couple of years, we have seen the emergence of ProPublica, MinnPost and the VoiceofSanDiego. Meanwhile, several campus-based, "hybrid" efforts have begun in which college students collaborate with veteran journalists, and the work is published in commercial or noncommercial outlets. Piggybacking on existing public infrastructure and mentoring tomorrow's journalism professionals with today's premier practitioners make sense.

As a result, substantive investigative reporting is being published online and in tandem with existing outlets, including the American University School of Communication Investigative

Reporting Workshop, which is led by myself and former IRE board member Wendell Cochran.

In the past few months, we've seen the creation of the New England Center for Investigative Reporting at Boston University's College of Communication, which will partner with *The Boston Globe*, New England Cable News and *WBUR*. The Wisconsin Center for Investigative Journalism at the University of Wisconsin School of Journalism and Mass Communication will partner with Wisconsin Public Radio and Wisconsin Public Television. And Kaiser Health News, a project of the Kaiser Health Foundation, is a new, independent news service covering U.S. health care policy issues that has begun partnering with major commercial news organizations. [Full disclosure: I am on the board or advisory boards of these three new entities]. More university-based, stand alone and niche subject reporting centers are likely to continue to emerge throughout the nation. All of these new enterprises will help fill the gaping local, state and national vacuum in accountability, watchdog journalism created by the recent commercial newsroom carnage.

A.J. Lieblich once wrote that "freedom of the press is guaranteed only to those who own one." Not having some soulless, spineless suit shut your investigative project down or eviscerate your meticulously worded copy is a modern media miracle these days and something to be truly savored. The editorial freedom, excitement and sublime satisfaction of creating and running your own news organization are palpable. But so too are the awesome responsibilities the creator uniquely bears from the onset. Imagine being the founder, lead reporter, editor and publisher all at once. Having founded or cofounded four nonprofit investigative journalistic enterprises and having served on half a dozen nonprofit boards of directors throughout the past 20 years, there are some logical, basic best practices – at least through my own idiosyncratic prism of experience – for starting your own nonprofit investigative reporting news organization:

Iron out the idea

This sounds obvious, and it is. What exactly are you creating and why? What exactly do you envision you will be investigating and publishing, and where and how will it appear? What do you intend to call your new organization? What geographic area or audience group(s) are you trying to reach? What is your journalistic competition, and how is your imagined enterprise different from other relevant news operations? How great is the public need for such public service journalism? What is your mission? What are the realistic prospects for earned revenue and donated financial support, initially and throughout time, and broadly speaking, from whom? Do not pass go if you cannot answer these questions.

Designate a leader

No committee ever started anything. People commit and exert their own personal leadership, and others rally around their ideas, exuberance and charisma. A committee is not going to be lying awake at 3 a.m. worrying about the enterprise, weekdays and weekends. There must be an alpha female or male willing to assume personal, hourly responsibility for the entire venture and who is also able to play well in the sandbox with others. Organizations, including news ventures, can and do have co-directors or co-editors, but power and authority-sharing are neither easy nor ideal. Consequently, a founder's vision and messianic zeal

We are witnessing nothing less than the dawn of a new investigative journalism ecosystem in the United States, in which the most ambitious reporting projects will increasingly emanate from the public realm, not from private, commercial outlets.

usually resides in one necessarily driven person. By the way, if we've learned anything in recent years, it's that a journalistic enterprise must have a journalist at the helm.

Create a governing structure

How is it governed and by whom? Ideally, the overseer of all daily operations certainly should not also chair the board of directors, which is charged with the legal and fiduciary oversight and responsibility for the incorporated entity. However, if the founder intends also to run the new enterprise day-to-day, he or she must be able to execute and implement his or her vision. That requires an occupationally, ethnically and gender diverse, mutually respectful and trustworthy board of directors, who share values and a common purpose. It must also include the executive director/editor as a member. Without that, you invite chaos, clashing egos, negativity and dissipated energy. Nonprofit corporations have governing instruments, such as bylaws and articles of incorporation, which must be formulated and submitted within the state of choice at the onset and stipulate everything from organizational purpose to board officer positions to length of board director terms, etc. Lawyers prepare these routinely, but don't ever forget: The substance, including every comma, rules.

If the new organization is created within a larger nonprofit corporation, then there should still be a mission statement and a fundamental underlying clarity about who wields the day-to-day decision-making authority. Also, you can also create an invaluable, multipurpose advisory board.

Determine autonomy

A decision must be made at the beginning: Is this a 501 (c)(3) nonprofit corporation, and if so, where is it incorporated? Is it a project of a larger already existing incorporated entity, such as a university or foundation? If it is the latter, then day-to-day editorial independence and authority must be absolutely clear. If it is not, then nothing notable will be produced, including perhaps public credibility, and it will likely fail. In either 501 (c) (3) or nonincorporated cases, if all of the funding and even the original idea and impetus for the entire reporting venture come from a single source, or almost entirely from one source, then there will be debilitating questions of credibility. Funding from multiple and diverse disclosed sources is not just ideal, it is also essential to the growth, longevity and institutionalization of the organization.

Get tax-exempt status

All nonprofit investigative reporting centers in the United States to date are supported by private contributions from foundations, individuals or both. No one will make a charitable donation to them if the organization has not received its exemption from federal taxation. Although state incorporation can happen within hours, obtaining your new organization's tax-exempt status generally takes three to six months or longer. The paperwork ideally should be prepared by an experienced attorney.

Get to investigating

In the earliest weeks and months of the new venture's evolution, it is important and useful to have some potential initial areas of focus or actual investigative reporting projects in mind. Put differently, if there are no specific exciting investigative journal-

ism projects, then honestly, why the hell are you doing this? An investigative reporting center without original, substantive enterprise projects has no reason to exist. If there is no editorial vision, then there will be no investigative reporting center. The founding executive editor must plan and lead the organization's editorial direction and balance the possible with the realistic regarding actual internal capacities. That same executive editor must hire the best available, affordable reporters with the chops to do great work. Of course, he or she also must have final approval authority prior to publication regarding all content.

Find allies and an audience

An investigative reporting center must have a public presence as soon as possible to survive. There is a direct correlation between quality reporting, Web traffic, media coverage and buzz over the investigative findings and financial contributions to the nonprofit news organization. Generally, the greater the public interest in the work of the organization, the greater the extent of public monetary support for it. Not only is a multimedia, interactive, visually engaging Web site essential, but also partnerships with major news media outlets, which happen to be desperately seeking content, are also advisable. They increase the audience for your work. Communications outreach is not only acceptable, but it is also essential. And the public visibility of the executive editor or others on the staff in public speaking and media interviews only further showcases the public momentum of your organization.

Identify money sources

Follow the money. The famous "All the President's Men" line written by William Goldman did not pertain to fundraising for an investigative reporting center. However, before asking anyone for a dime to support your public muckraking, there is some reconnaissance that must be first completed. Really following the money refers to the prospecting research needed to determine precisely who the potentially interested foundation donors are, what and who they support, what their average size of gift is, the timing of their board meetings, application deadlines and giving cycles, etc.

Who are the most likely prospects to become donors to your enterprise? What is your precise strategy to approach and to enlist their general or project support? There is an entire science to fundraising, which is too intricate to outline here, that has been made easier by the Foundation Center and the Foundation Directory Online. Equally intricate but more difficult to concretely resolve is establishing your new organization's policies regarding philanthropic support. Will it accept contributions from corporations, labor unions, political parties, advocacy groups or the government? During my years at the Center for Public Integrity, we settled on accepting only foundation and individual support; however, every board meeting for 15 years had a debate about this and other fundraising-related ethics questions.

Manage finances efficiently

Startup organizations by definition almost never have enough initial resources to hire a development director; it took me four years to hire a young development researcher. During that initial period of the Center for Public Integrity, I simultaneously raised

Fact-checking, multiple eyeballs on the copy and a thorough libel review are essential for every investigative story.

The timeline includes the founding years of many nonprofit journalism and research organizations operating in the United States today.

- 1846 - The Associated Press
- 1908 - *Christian Science Monitor*
- 1922 - *Foreign Affairs*
- 1936 - *Consumer Reports* (Originally Consumers Union)
- 1969 - Public Broadcasting System
- 1970 - National Public Radio
- 1974 - *Mother Jones*
- 1977 - Center for Investigative Reporting
- 1980 - Harper's Magazine Foundation
- 1983 - Center for Responsive Politics
- 1985 - National Security Archive
- 1989 - Center for Public Integrity
- 1989 - Transactional Records Access Clearinghouse
- 1999 - Medill Innocence Project
- 1999 - Stateline
- 2003 - Fund for Independence in Journalism
- 2004 - Schuster Institute for Investigative Journalism
- 2005 - Global Integrity
- 2005 - voiceofsandiego.org (One of several online-only, local news organizations now operating)
- 2006 - Stabile Center for Investigative Journalism
- 2008 - ProPublica
- 2008 - Investigative Reporting Workshop
- 2009 - New England Center for Investigative Reporting
- 2009 - Wisconsin Center for Investigative Journalism

continued on page 39

New and expanded blogs on IRE's Web site provide tips, success stories and reporting resources. Here are excerpts from a few recent blog posts, in case you missed them or haven't explored the new online offerings. Visit the blogs for active links to the Web sites and documents highlighted in the excerpts.



Snapshots from our blogs

Doug Haddix | IRE



Ron Nixon.

From "Covering the Economic Crisis," IRE On the Road blog – www.ire.org/training

Several Web sites and documents can help journalists track federal stimulus spending and the ongoing economic turmoil, according to Ron Nixon, a reporter for *The New York Times*.

Taxpayers for Common Sense aims to provide more transparency in government spending. USA Spending is the federal government's site for tracking all federal contracts, grants and awards. Another site, Footnoted.org, highlights what public companies try to downplay in footnotes of their filings to the U.S. Securities and Exchange Commission. The SEC offers a "Beginners' Guide to Financial Statements." Nixon also recommended an online booklet from Merrill Lynch on "How to Read a Financial Report."

Nixon was among six speakers at a Better Watchdog Workshop at Kent State University in March.

Two broadcast journalists offered tips on interviewing and juggling multiple stories. Kathleen Johnston, a senior investigative producer at CNN in Atlanta, told the group that sometimes the direct approach is best, especially if time is limited. "There's nothing wrong with starting out tough — cut to the chase," she said. Duane Pohlman, an investigative reporter for WEWS-Cleveland, encouraged journalists to be active listeners during interviews. "Stop your internal dialogue" and hear exactly what your subject is saying so that you'll be nimble with follow-up questions.

From "Brad Heath: No Clean Air Testing at Schools," the IRE Mentoring Page – <http://data.nicar.org/forum/14>

Brad Heath of *USA Today* answered questions about "The Smoke-stack Effect," a series that he cowrote with Blake Morrison. Among other findings, the investigation revealed that dozens of public and private schools opened in recent years in areas where government records show students could be exposed to air tainted by high levels of industrial pollution.

What was the biggest roadblock you had to overcome?

The story focused extensively on a new school in Springdale, Ark. It was built in an area where the EPA model said the air likely contained high levels of chromium and nickel emitted by a nearby tool-making plant. The plant's owner didn't want to comment. We called and visited the Springdale plant, visited the company's headquarters in Washington and made repeated inquiries by phone and e-mail, all of which went unreturned. The company never commented for our story.

Do you have any advice for journalists working on a similar story?

Don't reinvent the wheel, especially when it comes to something as complex as comparing 50 states' school siting regulations. We found an assessment conducted by Rhode Island Legal Services under an EPA grant that thoroughly categorized each state's laws and guidelines. It was comprehensive and saved us weeks of work.

From "Data, APIs and TimesOpen," Uplink blog — <http://data.nicar.org/uplink>

Derek Willis of *The New York Times* is a regular blog contributor.

On Feb. 20, a group of my colleagues at *The New York Times* gathered for a daylong series of presentations on a set of APIs that we've been releasing during the past few months. TimesOpen, as it was called, gathered about 140 developers and other folks interested in working with *Times* data.

So what are APIs? The acronym stands for "application programming interface," but another way of describing an API is a programmatic way to access data. Rather than perform SQL queries to return the data you want, you'd use your browser or a script to retrieve data about *The New York Times* book and movie reviews, congressional votes and articles dating back to 1981.

APIs can serve two purposes. They can be used by news organizations' own developers to create customized collections of information that can be easily refreshed or tweaked, and they can allow outside users, under certain circumstances, to create their own views of data and other information.

Are we giving content away? Yes and no. Carefully organized and thought-out data collections have value and could be licensed, for example. But in general, APIs are an attempt to extend the reach of our content beyond the bounds of traditional readers.

The screenshot shows the IRE On the Road blog homepage. At the top, it says "IRE INVESTIGATIVE REPORTERS AND EDITORS" with navigation links for Home, About, Members, and IRE Store. Below this is a search bar and a menu with categories like Conferences & Training, NICAR & Data, Resource Center, Job Center, News & Publications, Give to IRE, and IRE on Espanol. The main content area features a "Welcome" section with photos of Doug Haddix and Jamie Dowdell, followed by a "Stats camp bolsters baseball story" article. On the right, there are sections for "PROGRAMS" (including Watchdog Workshops and Boot Camps) and "CUSTOM TRAINING". A sidebar on the left contains a "Training Calendar" with upcoming events like Ethnic Media Workshop and Better Watchdog Workshop.

Nonprofits

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the money and wrote the checks for all expenses, in addition to hiring and overseeing all personnel, directing all research, and reporting and co-authoring nearly all of first reports. I had never raised money or managed people before, but I began to learn. Most nonprofit investigative reporting centers, like most new companies, are a brick-by-brick, slow-growth enterprise. Also, foundation program officers and individual donors want to meet the face of the organization, which is the founder and/or executive editor. They invest in people as much or more than the organizations. Without the personal contact and bonding, there will be no money. I never received a grant from an unsolicited letter or proposal to a foundation official.

The degree of sophistication in fundraising and in financial management necessarily improves throughout time, with the addition of more staff, more policies and more specialized personnel. Nothing is worse than wasting hard-earned money through mismanagement or misspending.

The Center's operating principle was simple and often repeated like a mantra internally: Quality begets quality. Good people – with good working conditions, enough time and resources, good office morale and financial remuneration, including full benefits and generous paid vacation – produce good work.

Watch your back

It is the nature of our work as investigative reporters that the subjects of our stories become angry. We are accustomed to buttoning up our stories prior to publication and preparing for the worst. But individual nonprofit investigative reporting centers inherently are smaller and more fragile financially and institutionally than are large metropolitan newspapers or television networks, which means that bullet-proofing the enterprise is important. Fact-checking, multiple eyeballs on the copy and a thorough libel review are essential for every investigative story.

I believe any nonprofit investigative reporting center ought to post on its Web site an ethical standards and practices section, the annual IRS 990 report of revenues, expenditures and staff salaries, a list of disclosed donors and staff, board and advisory board biographies.

Starting a new investigative reporting center is not for the faint of heart. It requires infinite patience, stamina and adaptability while retaining your principles and guts in the face of formidable odds and adversities.

At the end of each staff meeting, I would say to my editors, reporters, researchers and support personnel: May the force be with you!

Charles Lewis founded the Investigative Reporting Workshop at American University in Washington, D.C., where he is the executive editor. He founded and was director of the Center for Public Integrity.

IRE SERVICES

INVESTIGATIVE REPORTERS AND EDITORS, INC. is a grassroots nonprofit organization dedicated to improving the quality of investigative reporting within the field of journalism. IRE was formed in 1975 with the intent of creating a networking tool and a forum in which journalists from across the country could raise questions and exchange ideas. IRE provides educational services to reporters, editors and others interested in investigative reporting and works to maintain high professional standards.

Programs and Services:

IRE RESOURCE CENTER – A rich reserve of print and broadcast stories, tipsheets and guides to help you start and complete the best work of your career. This unique library is the starting point of any piece you're working on. You can search through abstracts of more than 20,000 investigative reporting stories through our Web site. Contact: Beth Kopine, beth@ire.org, 573-882-3364

IRE AND NICAR DATABASE LIBRARY – Administered by IRE and the National Institute for Computer-Assisted Reporting. The library has copies of many government databases, and makes them available to news organizations at or below actual cost. Analysis services are available on these databases, as is help in deciphering records you obtain yourself. Contact: Jaimi Dowdell, jaimi@ire.org, 314-402-3281; David Herzog, dherzog@ire.org, 573-882-2127. To order data, call 573-884-7711.

ON-THE-ROAD TRAINING – As a top promoter of journalism education, IRE offers loads of training opportunities throughout the year. Possibilities range from national conferences and regional workshops to weeklong boot camps and on-site newsroom training. Costs are on a sliding scale and fellowships are available to many of the events. Contact: Jaimi Dowdell, jaimi@ire.org, 314-402-3281; or Doug Haddix, doug@ire.org, 614-205-5420

Publications:

THE IRE JOURNAL – Published four times a year. Contains journalist profiles, how-to stories, reviews, investigative ideas and backgrounding tips. The Journal also provides members with the latest news on upcoming events and training opportunities from IRE and NICAR. Contact: Doug Haddix, doug@ire.org, 614-205-5420

UPLINK – Electronic newsletter by IRE and NICAR on computer-assisted reporting. Uplink stories are written after reporters have had particular success using data to investigate stories. The columns include valuable information on advanced database techniques as well as success stories written by newly trained CAR reporters. Contact: David Herzog, dherzog@ire.org, 573-882-2127

REPORTER.ORG – A collection of Web-based resources for journalists, journalism educators and others. Discounted Web hosting and services such as mailing list management and site development are provided to other nonprofit journalism organizations. Contact: Mark Horvit, mhorvit@ire.org, 573-882-1984.

For information on:

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MEMBERSHIP AND SUBSCRIPTIONS – John Green, jgreen@ire.org, 573-882-2772

CONFERENCES AND BOOT CAMPS – Stephanie Sinn, stephanie@ire.org, 573-882-8969

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The annual
IRE Conference
is coming to
Baltimore
June 11-14.

A stellar group of investigative journalists is lining up to speak at the annual IRE Conference, June 11-14, in Baltimore.

Speakers include keynote speaker Jon Klein, president of CNN-U.S., Bob Woodward of *The Washington Post*, Jill Abramson and Dean Baquet of *The New York Times*, Brian Ross of ABC News, Armen Keteyian of CBS News, Seymour Hersh, investigative reporter, Donald Barlett and James Steele of *Vanity Fair*, Paul Steiger of ProPublica and David Simon, a veteran Baltimore journalist and television producer.

To see the latest speakers list, visit the conference Web site, www.ire.org/training/conference/baltimore09.

The 2009 annual conference, June 11-14, will deliver what you've come to expect from an IRE conference and more. We'll present dozens of panels offering tips and techniques from reporters, producers, editors and news directors. You'll not only leave with story ideas, but also with road maps detailing how to get those stories. You'll be able to take all of the practical advice you learn and apply it to everything from breaking news stories to enterprise pieces. And this year we'll be offering an expanded lineup of Web-focused panels to help you present that work to your online audience.

You'll have a chance to take hands-on training in computer-assisted reporting skills. And you'll have plenty of chances to network with the best in the business.