

Press release by Biofuelwatch and Global Justice Ecology Project:

Biochar 'carbon sequestration' company charged with fraudulent “ponzi” scheme targeting elderly

For immediate release

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Environmental campaigners warn that a lawsuit over fraud against a company claiming to be the world's largest manufacturer and distributor of biochar presents a stark warning of the dangers of the scramble for funding for unproven climate change techno-fixes.

In the same week that the Obama administration announced a new task force for investigating financial fraud,, Mantria Industries were taken to court by the Securities and Exchange Commission which accuses the company of running a 'Ponzi scheme' involving fraudulent investment deals targeted at elderly people.¹ The company has been marketing biochar through a joint venture with Hawaii-based company Carbon Diversions Inc. Biochar is fine-powdered charcoal which advocates claim will combat climate change by sequestering carbon when added to the soil. Scientific studies, however are inconclusive and there are concerns that biochar could potentially make climate change worse.² Nonetheless, biochar advocates, whose main lobby group is the International Biochar Initiative (IBI), are calling for US subsidies and carbon offsets as well as international carbon credits. Since news about the lawsuit broke, the IBI appears to have been eager to distance itself from Mantria Industries. However the company had been given a promotional page on the IBI's website³, and Mantria's chair, who is among four individuals to appear in court, was invited to present on the topic of 'Bringing Biochar to Markets' at a recent IBI conference in Boulder.

Anne Petermann of Global Justice Ecology Project says: “This fraud investigation against a leading biochar company highlights the dangers of the current push to fund unproven climate change techno fixes or 'geo-engineering schemes'. Biochar is one of several unproven climate 'solutions' pushed by entrepreneur and start up companies. If their lobbyists succeed in getting subsidies and carbon offsets for biochar, the potential for abuse and serious negative impacts will be even greater.”

Rachel Smolker of Biofuelwatch adds “In the quest for quick big money, biochar advocates ignore both the concerns that their claims are unscientific and unproven, and warnings that corporations and investors, including unscrupulous ones, not small farmers and communities, are most likely to profit not just from private investments but also from carbon offsets for biochar and other techno-fixes.

Carbon offsets for biochar have been proposed in the Senate “Clean Energy Partnerships” bill recently put forward by Senator Stabenow³ and a separate WECHAR bill⁴ proposes mandatory subsidies. Earlier this year, over 150 organisations worldwide urged caution over biochar and warned against biochar carbon offsets. The potential for large-scale biochar plantations at the expense of communities, forests and other ecosystems and the climate has raised particular concern.

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Notes:

1) On 16th November, the SEC charged four individuals and two companies, Mantria Corporation and Speed of Wealth LLC over allegations that they had encouraged mainly elderly people to liquidate their pensions for ‘green investments’, offering fraudulent securities.
www.sec.gov/news/press/2009/2009-247.htm

2) Biochar dust can become airborne, contributing to “black soot” – a major cause of warming. Its effects on soils are also highly variable, in some cases causing emissions from breakdown of soils organic carbon, In addition, the production of biochar requires large quantities of biomass, and like demands for biofuels, threatens to force conversion of natural ecosystems. Mantria’s biochar, called “Eternagreen” was made using tires, plastics and other materials which can result in concentration of dangerous toxins. For more info:
www.biofuelwatch.org.uk/docs/biocharbriefing.pdf

3) A copy of a promotional webpage by Mantria Industries (which has recently been removed from the IBI’s web pages about their network) can be obtained by contacting info@biofuelwatch.org.uk

4) Senator Stabenow’s bill (S.2729) contains proposals for forestry and agricultural offsets, and (unlike the House climate bill) includes biochar as an eligible technology, a proposal on which the Senate is expected to decide early next year.

5) The “WECHAR” bill (S.1713 / H.R.3748) proposes mandatory financial support for biochar developments.