



“Trust, but Verify”

President Ronald Reagan

Overview

- Larson & McGowin background
- Verification
 - Why is it needed
 - How is it done
 - Who pays for it
 - Pitfalls to avoid



Larson & McGowin, Inc.

- Acquisition due diligence
- Operational audits
- SFI audits
- ESA phase 1

We had the skill set, just needed to apply it to the new rule book.

Verification

Commodity: things of value, of uniform quality, that were produced in large quantities by many different producers; the items from each different producer are considered equivalent.



Verification

Carbon Financial Instruments (CFI)
originate from many sources:



Verification

Goal

- Uniform Quality
- Transparency
- Identify Errors
- Protect buyers/value

Verification makes a CFI a commodity



Verification

The Process depends on the project type

- Afforestation
- Managed Forest
- Commercial Forest
- Long Lived Wood Products



Verification

The Process

Desktop Audit

- Ownership
- Contract
- Planting Records
- Application of Tables/Growth & Yield Models
- Harvest Records
- Chain of Custody



Verification

The Process

Field Audit

- Acres
- Species
- Trees per Acre
- Age
- Inventory data
- Database Reliability



Verification

Chicago Climate Exchange (CCX)

- Receive reports
- Provide guidance rule interpretation

Who pays for verification?

- Typically the landowner
- Aggregator



Verification

Common Problems

- Poor Maps/Lack of GIS
- Directions to Tract
- Acres planted vs acres survived
- Sloppy paperwork

You do not want an irritated auditor!



Questions?

Kurt R. Krueger RF/ACF

Larson & McGowin, Inc

kkrueger@larsonmcgowin.com

409-383-7423

