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## Group to get \$9 million in DuPont deal has close ties to company



By Michelle R. Smith, Associated Press Writer | August 3, 2006

PROVIDENCE, R.I. --When the state dropped DuPont Co. from its sweeping lawsuit against former makers of lead paint last year, one of the terms was that DuPont would donate \$9 million to the Children's Health Forum for clean-up and education efforts in Rhode Island.

Attorney General Patrick Lynch at the time described the group as a national nonprofit organization focused on preventing childhood exposure to lead.

What no one mentioned were the extensive ties between DuPont and Washington-based Children's Health Forum: It was founded by a lawyer hired by DuPont to work on lead poisoning issues; it received most of its funding from the Wilmington, Del.-based company and most of its board members have ties to DuPont.

Government watchdogs say the relationship between the two, not previously reported, casts a new cloud over the deal, which let DuPont out of a case that could cost other lead paint companies billions of dollars. Three were found responsible in February of creating a public nuisance, and a judge is considering how much they will be forced to pay for clean-up.

The June 2005 deal allowed DuPont to give \$12.5 million to charity -- \$9 million to Children's Health Forum and the rest to Brown University and the Dana-Farber/Brigham and Women's Cancer Center in Boston.

The Associated Press reported in June that Lynch took campaign donations from people with ties to DuPont, including a donation he accepted from its chief negotiator at the same time the deal was being discussed. Lynch says he did nothing wrong.

Robert Arruda, president of Operation Clean Government, a nonpartisan public watchdog in Rhode Island, said there is an aura of conflict of interest surrounding the deal.

"It does not pass the smell test, as far as I'm concerned," he said.

The deal is unusual because in previous cases where states have sued an industry, such as in the states' lawsuits against tobacco companies, settlement money has gone directly to the state or been put into an independent foundation not controlled by the industry. It's also unusual because Lynch and DuPont say the deal was not a legal settlement but simply an agreement.

Lynch spokesman Michael Healey said the attorney general did not know the group had a relationship with DuPont when he struck the deal, and DuPont would not say if it informed him. But Lynch's chief of staff, Leonard Lopes, who sat in on talks with DuPont, was aware there was a relationship between the two, Healey said, adding he did not know -- and would not find out -- what steps the office took to look into the group before the agreement was reached.

Lynch's office describes the DuPont deal as a major victory for the state. At the time of the agreement, it was unclear whether Rhode Island would ever see a penny from its lawsuit, which was first filed in 1999. An earlier trial in 2002 ended in a hung jury.

Lynch said the way the deal is structured means the DuPont money will go directly to helping those most affected by lead poisoning, rather than into state coffers where it could be spent elsewhere.

Although the state has no written agreement with Children's Health Forum about how the group spends the

money, it is supposed to dole it out to groups in Rhode Island, who will ask for it through an advisory commission set up by Lynch. The money has not yet been distributed.

Children's Health Forum was founded in 2002 by Dr. Benjamin Hooks, a former head of the NAACP, after DuPont hired him to help the company address childhood lead poisoning, according to DuPont. At the time, DuPont was named in lawsuits around the country over the damaging effects of lead paint, which can cause brain damage and learning disabilities.

Hooks enlisted the help of Kurt Schmoke, a former mayor of Baltimore, and former U.S. Secretary of Housing and Development Jack Kemp. Both have been consultants for DuPont.

The group was incorporated as a lobbying group on June 25, 2002, receiving its start-up money from DuPont. On Dec. 10, 2003, Children's Health Forum was incorporated as a nonprofit charity, making contributions tax-deductible.

The following year, Children's Health Forum received a \$2 million donation from DuPont, its only significant donation that year. Since then, it has received about \$500,000 from other sources, Schmoke said.

When the state's deal with DuPont was announced, four of Children's Health Forum's five board members had current or previous business ties to the company: Hooks, Schmoke, Kemp and Olivia Morgan, the group's executive director who also works for lobbying and public relations firm Dewey Square Group, another DuPont consultant.

The fifth board member was Antonio Villaraigosa, now mayor of Los Angeles, who has since left the board. Since then, it has added two other board members who DuPont said have no business ties to the company -- former HUD Secretary Henry Cisneros and Booker T. Jones, founder of a job training group.

Schmoke said Children's Health Forum does legitimate work around the country and its board members were interested in lead paint issues before joining the group. He said it acts independently of DuPont.

"There's no invisible hand," he said.

The group has spent \$90,000 total nationally on grants since its inception for things like public education, outreach and safety repairs, and has spent more on outreach to local governments about federal funding for lead paint problems and other efforts, Morgan said. The exact details of its spending aren't known because it has never issued an annual report.

Schmoke said he has always been open about DuPont's role in starting up and supporting the group. However, the forum's Web site and publicly available tax documents make no mention of its ties to DuPont.

A well-known lead paint activist in Rhode Island, Roberta Hazen Aaronson of Childhood Lead Action Project, which received \$30,000 in grants from the forum in 2005, said she knew about the ties between the two. She said the ties do not bother her as long as local groups are involved in decisions about where the money is spent and the process is open, which she says it has been.

However, Arruda and another open government advocate, Phil West, executive director of the nonpartisan government watchdog group Common Cause of Rhode Island, said they were surprised about the connection and did not know of it until informed by the AP.

West said the group may do good work, and he's impressed by many of the names on its board. But he said its relationship with DuPont should have been publicly disclosed when the deal was announced.

Arruda said while DuPont had a right to have some oversight of the money, an independent party should have been selected to dole out the money.

"The fact that DuPont now is going to have such control over this process does not sound right," Arruda said. "This money should be given to the state of Rhode Island."

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On the Net:

Children's Health Forum: <http://www.chf4kids.org/>

DuPont Co.: <http://www.dupont.com>

Childhood Lead Action Project: <http://www.lead safekids.org/> ■

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