

Ex. 1-9  
H-005C

# DEADLY ALLIANCE

HOW GOVERNMENT AND INDUSTRY CHOSE WEAPONS OVER WORKERS [toledoblade.com](http://www.toledoblade.com)

<a href="#">Table of contents</a>
<a href="#">Part 1: Weapons before workers</a>
<a href="#">Part 2: Death of a safety plan</a>
<a href="#">Part 3: Workers misled</a>
<a href="#">Part 4: Thought control</a>
<a href="#">Part 5: Death frees a victim</a>
<a href="#">Part 6: Tax dollars back Brush</a>
<a href="#">This story: If you're a taxpayer, you have contributed to Brush</a>
<a href="#">Brush backs politicians - and vice versa</a>
<a href="#">Ohio EPA finds Brush has polluted air, land, water</a>
<a href="#">Fight for life measured one step at a time</a>
<a href="#">A look at the series</a>

## Part 6: Tax dollars back Brush

### If you're a taxpayer, you have contributed to Brush

BY SAM ROE  
BLADE SENIOR WRITER

APR 26

If you think you haven't contributed to workers at Brush Wellman Inc. getting sick and dying, think again.

Millions of dollars in public money and tax breaks have gone to the beryllium producer to help it grow and thrive.

Ottawa County once gave Brush Wellman the biggest tax break in county history.

The Toledo-Lucas County Port Authority once built a plant for the company.

And Cuyahoga County once gave Brush Wellman a property tax cut because its land was polluted - polluted, in part, by the company itself.

While public officials have been quick to give Brush Wellman money, there is one thing they haven't done: ask many questions about how workers have contracted beryllium disease at Brush plants.

"I can't say that weighed very heavily in the decision" to give Brush Wellman a tax break, says Walt Wehenkel, an Ottawa County planner.

Lorain, O., Mayor Joe Koziura says that when he recently backed a tax break for Brush, he had no idea workers at some of its facilities were becoming ill. That was never a part of any discussions, he says.

The average taxpayer has a stake in the matter: Some of Brush's tax cuts involve millions of dollars that would otherwise go to local schools and social services, such as nursing home and mental health care.

Those responsible for providing Brush with public money and tax cuts range from the U.S. Congress to local school boards. Some defend giving the tax breaks as a way to encourage new jobs. Brush, an international firm with about \$400 million in annual sales, defends accepting them as a way to keep costs down.

"You're building a new plant to expand your revenue and income-base, and therefore you have to do it in the most cost-effective way that you can," says Brush spokesman Timothy Reid, who recently left the firm.

A Blade review of Brush Wellman's government aid shows:

For years, the federal government subsidized the company, at times practically saving it from closing.

In 1996, state and local officials provided a massive package of tax breaks, loans, and grants for a project that promised to cut jobs, not create them.

That same year Lorain lured a Brush plant to town with a tax break even though the company left the city in disgrace 50 years earlier after numerous residents living near a Brush plant contracted beryllium disease.

"I would have never let that company come in," says Angela Barraco, whose husband and 7-year-old niece died of beryllium disease from the old Lorain plant, records show.

"I do believe that they ruined a lot of people's lives."

Based in Cleveland, Brush Wellman has facilities in 11 states. The firm is the nation's leading producer of beryllium, a hard, gray metal used in nuclear bombs and other weapons, as well as in the electronics and automotive industries. Brush has 2,160 workers, including 650 at its main plant near Elmore, 20 miles southeast of Toledo.

Since the 1940s, 127 Brush workers have contracted beryllium disease, an incurable, often-fatal lung illness caused by inhaling microscopic bits of beryllium. Researchers estimate 1,200 people have contracted the illness nationwide since the 1940s.

Brush Wellman emphasizes it has contributed much to its communities. In the Elmore area, it has given thousands of dollars to the United Way, sponsored blood drives, and donated computers to Woodmore High School.

"And it's not like we aren't paying taxes," Mr. Reid, the Brush spokesman, says.

In 1998, Brush officials say, the Elmore plant alone paid roughly \$3.6 million in state and local taxes.

That's in addition to the millions Brush provides in payroll. The average worker at the Elmore plant earns about \$18 an hour - a solid amount in a farming community with few factory jobs.

One year, 150 people camped overnight in the rain to get applications for only four openings.

"We put about \$50 million a year, between salaries and local purchasing, in the five-county area around [the Elmore plant]," says Lyle MacAulay, Brush's director of manufacturing technology.

Sandy Buchanan, executive director of Ohio Citizen Action, the consumer and environmental group, says local governments should not fixate on such figures. She says they should use tax breaks as bargaining chips to encourage firms like Brush to improve health conditions.

"If you are going to give a public subsidy to a corporation, it's a huge opportunity to move things forward in the context of health and safety."

Butch Lemke, an Elmore resident who developed beryllium disease after working nine years at the Brush plant, agrees.

"What good is it to create 10 jobs and turn around and put these 10 people's health in jeopardy?"

## FEDS HAVE BACKED BRUSH FOR YEARS

The federal government has backed Brush for years, and for a simple reason: It needs a reliable supply of beryllium for its weapons.

For if Brush were to go out of business, the government would lose its major beryllium source.

So the relationship between the U.S. government and Brush has been intimate since World War II, when America bought tons of the metal for the war effort. When Brush couldn't keep up with the demand, the government invested \$1 million to expand operations, federal records show.

After the war, the U.S. Atomic Energy Commission, which oversaw nuclear weapons production, remained Brush's biggest customer, accounting for two-thirds of all sales.

Other beryllium companies relied on government orders in the late 1940s.

"This has placed the AEC in the uncomfortable position of exercising extensive control over a complete industry," a recently declassified AEC document states.

In 1949, the government paid Brush to build and operate a plant in Luckey to produce beryllium for weapons and, subsequently, for the space program.

Still, the government feared Brush would fold if government orders dropped.

"The company is financially weak," an AEC official wrote in 1950, "and its commercial business has been very limited for several years."

So the government continued to help Brush.

In 1957, Brush signed a contract with the government to build and operate a beryllium plant near Elmore.

In return, U.S. officials agreed to buy 50 tons of beryllium over five years.

In 1979, when Brush's only significant competitor dropped out of the beryllium metal business, defense officials agreed to pay Brush a one-time 35 per cent price hike to entice the company to remain a government supplier.

In recent years, Brush's government orders have dropped sharply, largely because of the end of the Cold War. But the government still needs some beryllium for weapons, and so it remains concerned about Brush's financial health.

In 1982, the U.S. Department of Energy gave the company a \$3.5 million grant to study how to improve production and safety, and in 1994, the U.S. Defense Department provided \$2 million to help Brush and several other businesses convert their defense technologies to commercial uses.

## TAX BREAK GIVEN FOR CUTTING JOBS

A few years ago, when Brush Wellman was thinking about expanding its plant near Elmore, local officials put together a rich package of tax breaks, grants, and loans.

Yet the company was not promising to create a single job.

In fact, officials expected Brush to cut 40 jobs.

Local officials defend the deal, saying that if Brush had built outside Ohio, the Elmore plant would have lost 150 jobs.



Photos: [The Brush Wellman plant in Elmore](#)

"I think it's important for the community to protect what you've got," says Jerry Arkebauer, vice president of finance and strategic initiatives for the Toledo-Lucas County Port Authority.

When Elmore landed the \$110 million expansion in 1996, "it was the talk of the county," Ottawa County Commissioner Chris Redfern recalls. "Everyone was excited - and still is."

The county gave Brush a 10-year tax break on personal and real property - money that otherwise would have gone to schools and social service agencies.

Total savings for Brush: \$7.5 million.

Commissioner Redfern says no one voiced opposition to the tax break, and local schools approved the deal.

The schools didn't come away empty-handed: Brush agreed to directly pay the schools 25 per cent of what it would have otherwise paid.

County officials acknowledge few questions were asked about Brush's health problems at other plants.

"It's beyond my expertise to do that," says Walt Wehenkel, the county planner who helped negotiate the tax break.

Commissioner Redfern says beryllium disease was a concern to him, but Brush assured him the new plant would have safeguards.

Plus, he says, relatively few workers at the main Elmore plant have the disease. He doesn't know exactly how many: "It's 1 in 150, 1 in 200, as far as I know."

In reality, a recently published study found 1 in 11 have the disease or an abnormal blood test - a sign they may very well develop the illness.

Meanwhile, the Toledo-Lucas County Port Authority, a public agency, put together a \$20 million financing package - \$15 million in bonds and a \$5 million low-interest state loan.

Under the agreement, the port would construct and own the plant and lease it back to Brush for 15 years. The port did this to allow Brush to keep long-term debt off its books, making the company look better to investors.

In addition, the port orchestrated a lobbying effort to sway state officials to approve the \$5 million loan. It was a special loan - five times greater than the usual allowable amount.

In all, port authority documents on the Brush deal stand three feet tall. Yet there is scant information about the health problems.

The port's Mr. Arkebauer says port officials discussed the issue, and it was indeed a concern.

"We look at it as: Is it going to impair the ability of the company to make the debt service payments? In our opinion, it was not."

He says he did not know off-hand what percentage of workers were sick at the Elmore plant, but from the port's point of view, he believed it was "an acceptable amount."

## **BRUSH GETS TAX CUT ON LAND IT POLLUTED**

Brush once polluted a plant site, then received a large property tax cut because of the contamination.

"This is a real loophole. It's really lousy," says Richard Linhart, a real estate analyst for the Cuyahoga County board of revision.

The Brush site is 66 acres in the Cleveland suburb of Bedford. In 1994, Mr. Linhart says, the taxable value of the property was \$1.6 million. That year, Brush appealed the assessment, saying the property was so contaminated with lead and toxic chemicals that it was worthless. The company argued that it should pay no taxes.

When the county rejected that argument, Brush appealed to a state tax board. County officials then decided to compromise with the company: The taxable value of the property would be reduced to \$400,000 - a 75 per cent cut.

So Brush is now paying thousands of dollars less a year in taxes, says James Hopkins of the Cuyahoga County board of revision. He says that means less money for local schools.

Mr. Linhart says Cuyahoga County settled with Brush because it wanted to avoid losing a lawsuit. "I didn't want this to become a precedent," he says.

The tax cut, first reported in The (Cleveland) Plain Dealer, was rare but legal: State law allows property to be devalued because of pollution, and it doesn't matter if the owner caused it.

Brush acknowledges it polluted the property but says it is not solely to blame: It owned the factory only 14 of the 36 years the plant was operating.

The factory, which made brake parts for heavy-duty trucks for Brush subsidiary S.K. Wellman, closed in 1988 and was torn down in 1993.

Mr. Reid, the Brush spokesman, says the money the company saved on the

tax cut has been greatly negated by the \$6.5 million spent so far on pollution cleanup.

Even if Brush is able sell the vacant property, he says, it will be at a loss, "We're not going to get our money back."

#### DESPITE TRAGIC PAST, LORAIN WELCOMES BRUSH

Back in the 1940s, residents near Brush's factory in Lorain were contracting beryllium disease from the plant's air pollution.

Fear gripped the city, and more than 600 residents signed a petition to force Brush to leave town.

The company voluntarily moved to the country, far from residents and another potential disaster.

Five decades later, Brush is back in Lorain - thanks to taxpayers' money.

In 1996, the city gave Brush a 10-year tax break to build a plant in its west side industrial park. The savings to Brush: \$1 million.

The plant, which has 31 workers, manufactures bronze materials for aircraft landing gear, drilling equipment, and plastic molds.

Mayor Joe Koziura says beryllium disease was not an issue when officials approved the tax break.

A few residents, he says, did recall the tragedy of the 1940s at public meetings, but he thought the disease was in the past.

Had he known workers were still getting sick, "I would have been more concerned and have said, 'Hey, what is going on here?'"



Photo: Joe Koziura

Yet he does not expect a repeat of the tragedy. Brush, he says, has assured him the plant will not handle beryllium.

In an interview with The Blade, the Brush spokesman did not rule out that the deadly metal might be handled there someday.

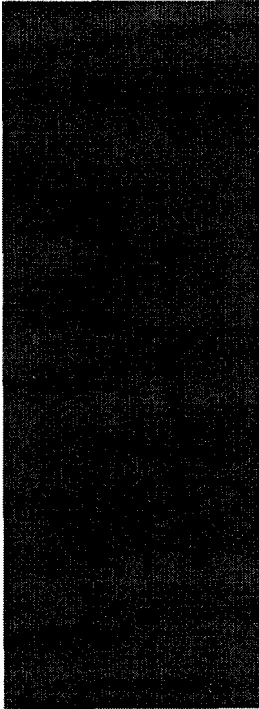
"But that is not the plan, and it never was the plan," Mr. Reid says.

Some are upset that Brush was allowed to return to Lorain.

"I can't understand why Lorain would want them back," says Angela Barraco, whose husband, Al, and 7-year-old niece, Gloria, died of beryllium disease from the old plant. Researchers in the 1940s concluded that Gloria got it from air pollution; Mr. Barraco worked in the plant briefly.

Mrs. Barraco, 79, of Avon, O., keeps her husband's papers and photographs in an album, including pictures of him wearing his oxygen hose.

"I want my grandchildren to remember what he had to go through," she says.



Cheryl Sanders's father, Stanley Sobocienski, lived near the plant and died of the disease in 1946, researchers concluded. She was just 5 at the time.

"The only thing I remember is that he was sick, that he wasn't able to work," recalls Ms. Sanders, 57, of Amherst, O. "That's about all I really know about my father."

She says it was wrong for Lorain to lure the beryllium company back.

"They were here once, and they had to move out. They should have just stayed away."

**Next: [Brush backs politicians - and vice versa](#)**

---

[Back to the top](#)

[Table of contents for Deadly Alliance | Email comment](#)

[toledoblade.com home](#)

© Copyright 1999 The Blade. All rights reserved.  
The Blade, 541 North Superior St., Toledo, OH 43660 USA. (419) 724-6000