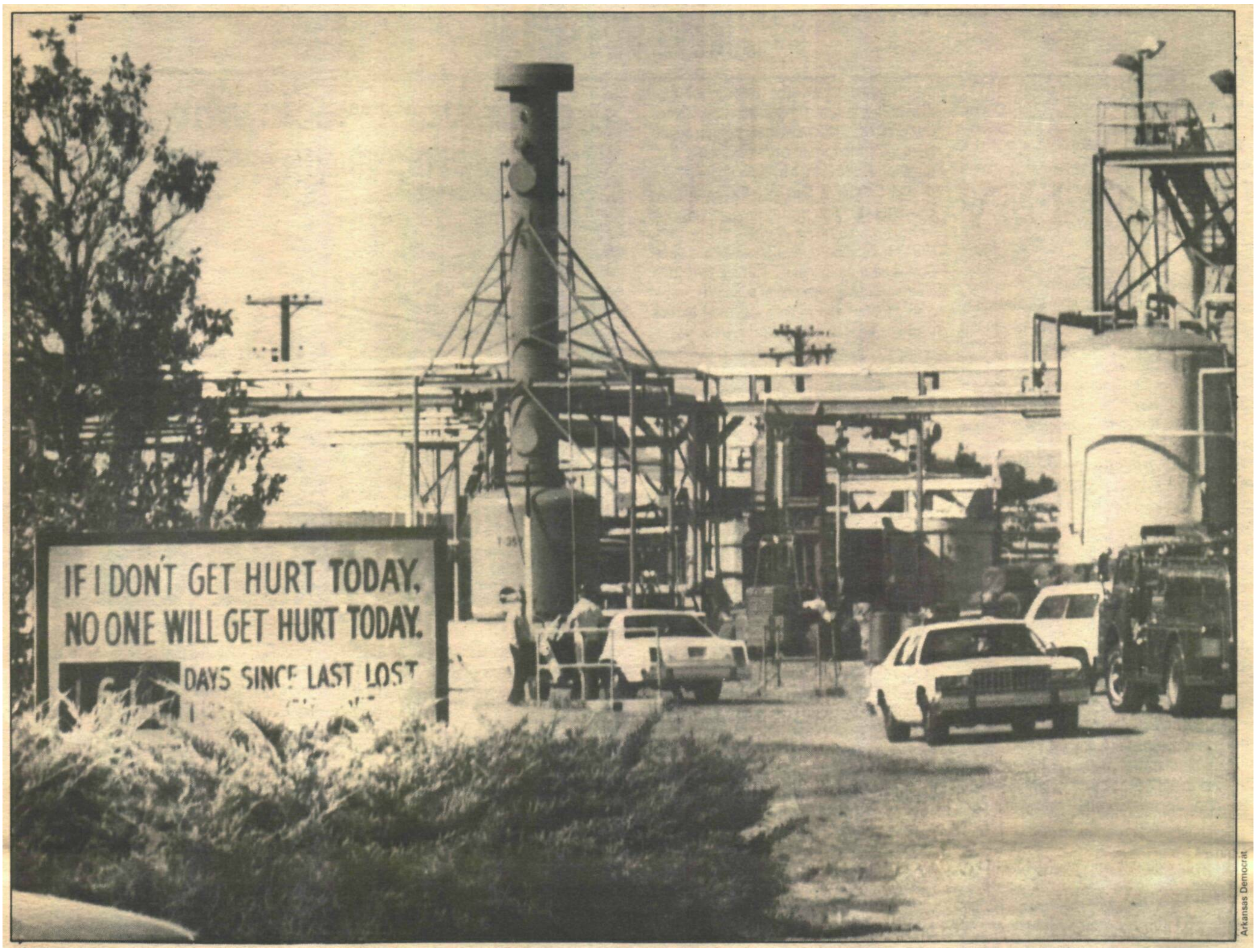


Arkansas Democrat

Vertac Chemical's Jacksonville plant: The corporate maze leading out of this dioxin-laden site spans several continents.

The conclusion of In These Times' *three-part investigation into the dioxin contamination of Jacksonville, Ark., focusses on the chemical companies involved. In unveiling the hidden ownership behind Vertac Chemical Corporation, it is revealed for the first time that the city's toxic disaster extends outward to envelop two of the nation's largest multinationals. Their connections to an obscure and once quiet community pose troubling questions that go far beyond Arkansas.*

By Dick Russell

JACKSONVILLE, ARK.

THIS IS A STORY OF CORPORATE INTRIGUE and manipulation, a journey through the labyrinthine world of the makers of toxic chemicals. It attempts to answer this question: who bears the ultimate responsibility for thousands of leaking barrels of dioxin-laden chemicals and other poisons in this Arkansas community—a place that can justifiably be called the most serious hazardous waste area in the U.S.?

An *In These Times* investigation has tracked a corporate maze extending far beyond the contaminated chemical plant in Jacksonville, 12 miles from the state capital of Little Rock. It includes not only a network that stretches into five other nations—Panama, Italy, Switzerland, Sweden and Japan—but also hidden ownership and shady deals. It points to the quiet involvement of the former chief executive officer of the Diamond Shamrock Corporation and the potential liability of one of the chemical industry's giants, Dow Chemical.

The intricate maze illustrates how bigger companies use smaller ones—like Jacksonville's Vertac Chemical Corporation—to keep up production of lucrative, but potentially deadly, products. Then, when push comes to shove over liability for the toxic hazards posed by these chemicals, the companies sometimes square off to implicate each other. Although they often publicly appear to be corporate "enemies," they collude behind the scenes to tie the hands of government regulators, lawmakers and citizens. Employing small armies of attorneys, they are able to stall remedies and avoid product restrictions indefinitely. Employing sophisticated public relations staffs, they are able to stay out of the national limelight.

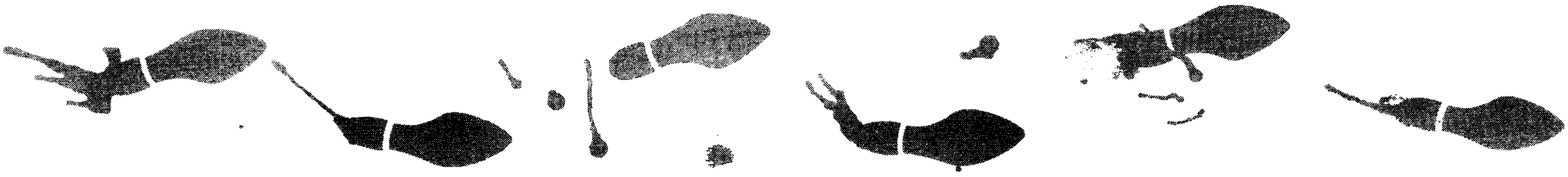
Legacy of neglect: Jacksonville, a city of 30,000 people, is a case study in such corporate maneuvers. Its pollution woes far surpass those of the Love Canal landfill near Niagara Falls and of Times Beach, Mo., where in both places residents were evacuated by the Environmental Protection Agency (EPA). Yet except for a 1980 story published in *Life* magazine, the major media have ignored the Jacksonville situation. A former Vertac public-relations employee, David Simmons, admits that "when inquiries came [from major media outlets], generally the local stories had enough holes in them that they were discreditable."

Yet the EPA found Jacksonville's toxic saga very credible indeed. In recent years it designated three different areas for Superfund cleanup. The agency estimates that disposal of the nearly 30,000 drums of hazardous wastes at the chemical plant and "restoration" of off-site pollution areas may cost close to $400 million. It has detected TCDD-dioxin, a byproduct of herbicide production and the most lethal substance produced by humans, at the highest levels ever found in soil and barrels of toxic waste. Many scientists say that there is no safe human exposure level for this form of dioxin.

But Jacksonville residents were not even informed until 1979 of the pollution problems that had abounded for about 30 years. Before chemical production ceased in 1986, toxic wastes were systematically spewed into the city's waterways, sewer system and several landfills, severely contaminating the area and causing numerous health problems for local residents. During what a former plant supervisor calls "runaway chemical reactions," and an explosion in the mid-'60s, vast quantities of dioxin were released into the air.

Dozens of residents maintain that over the years they have suffered everything from miscarriages and birth defects to Sudden Infant Death syndrome and cancer. More than 100 Jacksonville residents have sued two of the three companies that since 1948 have run the chemical plant, alleging personal injury and wrongful death. Since 1986 portions of both lawsuits have been settled out of court for undisclosed sums.

The question of future liability for the con-



DIOXINVILLE III:

THE TOXIC TRAIL

tamination, however, is now tangled up in federal courts. The two companies that are supposed to share cleanup costs with government agencies are at each other's throats. Vertac Chemical, which has run the plant for the past 16 years, is suing its predecessor, Hercules, Inc., which manufactured 25 percent of the Agent Orange used to defoliate the Vietnamese jungles. Vertac is claiming that Hercules should be held responsible for all future liability. In turn, Hercules, as well as federal and state agencies, are hounding Vertac in other court proceedings.

In a seeming attempt to duck its legal obligations, Vertac last year suddenly transferred its remaining assets into a series of newly formed corporations and left Arkansas. It never informed government officials of these moves.

A friend in need: This is where Dow Chemical enters the narrative. Headquartered in Midland, Mich., with 50,000 employees worldwide, the multinational was for years Vertac's main supplier of herbicides and the formulas for them. In December 1986, two months before Vertac pulled out of Jacksonville, company officials held a series of meetings with Dow executives in Great Britain, Washington, D.C., and Michigan. At the time Vertac was feeling considerable heat from the government. Although it had ceased operations in Jacksonville in February 1986, the company was being sued by the Justice Department (on behalf of the EPA) for continuing to discharge contaminated waste water into a creek adjacent to the plant site. The department was seeking a $10,000-a-day fine. Vertac wanted out from under—and in a complex and back-handed way, Dow was about to provide the opportunity.

Dow, which contracted trademarks and products to Vertac, privately informed its "supply partner" that the smaller company had breeched one or more of their agreements. Thus, Dow declared Vertac in default, with a debt of $5.3 million owed Dow for goods sold and delivered.

Vertac could cover the debt, but its money was tied up in a trust fund and letter of credit; the company had earlier agreed with government agencies to set aside $11 million for initial on-site cleanup at the Jacksonville plant. After consulting with Dow, Vertac quietly established three new companies in Memphis, Tenn., where Vertac's corporate headquarters were located.

Then, on Jan. 31, 1987, Vertac President J. Randal Tomblin called representatives from the EPA, the state of Arkansas and Hercules to a meeting in Dallas. Without mentioning

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Former Diamond Shamrock Chief Executive Officer William Bricker: was he linked to Vertac?