



Representing Wayne State Faculty and Academic Staff

NEWSBRIEFS

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DeVos Lied

Comments Misstating Role in Failed Healthcare Firm Raise Ethical Questions

Steve Babson, Information Officer

In his October debates with Governor Jennifer Granholm, Republican nominee Dick DeVos has made statements about his family's investment in Alterra Healthcare Corporation that raise fundamental questions about his honesty. You don't have to work or study in the Schools of Medicine and Nursing to find his lack of candor disturbing.

The Debates

The Granholm-DeVos debates this month have focused considerable attention on DeVos' business investments and Granholm's economic policies, each candidate claiming to have done more to help Michigan than her/his opponent. The issues raised are of direct concern to faculty and academic staff, both as citizens of the state and as employees of a state-funded university.

DeVos has accused Granholm of having no viable plan to address plant closings, while Granholm has countered that most of the job loss occurred during the Engler administration, and that Michigan's continuing economic woes are the result of free trade policies favoring China and Mexico.

Opinion may differ on these and other issues that were outlined in last month's *Newsbriefs*. But something undeniably disturbing occurred near the end of the debate

on October 3, when Granholm accused DeVos of failing to disclose his family's investment in the Alterra chain of nursing homes. She suggested that DeVos was trying to distance himself from charges of patient neglect and physical and sexual abuse that have pushed Alterra into bankruptcy.

Clearly rattled by the accusation, DeVos replied that his family had been nothing more than "a passive investor" owning less than one percent of the firm's stock, and that he had "only recently learned" of complaints about patient abuse. In the second debate on October 10, he said Granholm had

lied about his role in Alterra's troubled operations.

A "Hidden Hand"

Following the first debate, both the *Detroit Free Press*¹ and the *Detroit News*² made public the state and federal documents that clarify DeVos' actual role. The \$173 million the DeVos family invested in the firm was concentrated in convertible bonds, meaning they could at any moment be converted into ownership shares representing 40 percent of Alterra's common stock and 91 percent of its preferred shares.

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Candidates for WSU Board of Governors Speak at Membership Meeting

Faculty and Academic Staff had an opportunity to hear the views of Democratic and Republican candidates for the WSU Board of Governors (BOG) at the general membership meeting of October 4.

The candidates for the two seats up for election this year are Eugene Driker and Debbie Dingell for the Democrats and John Akouri and Andrew McLemore for the Republicans. Due to prior commitments, both Akouri and Dingell sent their regrets and provided written statements outlining their views. Driker and McLemore articulated their priorities and took questions from the members.

Candidate Profiles

Eugene Driker (Democrat)

is a founding partner in the Detroit law firm of Barris, Sott, Denn and Driker, specializing in corporate law. He earned his undergraduate degree in mathematics and his law degree at Wayne State, graduating first in his class. Both his son and daughter are graduates of WSU's School of Medicine, and his wife, Elaine Driker, is also a Wayne alumnus as well as a twelve-year employee. He has worked for many years in fundraising for WSU's Capital Campaign and has served as a member of the Board of Governors since 2002. Being a BOG member has taught him "how complicated and fragile" the university is, "that it is not a matter of capital, but of people, its students and faculty." The university needs a vision to move forward, and without it, "those people can go elsewhere."

Andrew McLemore (Republican) is Vice President of A-Mac Construction Services, a general contractor in the city of Detroit. He is a graduate of the University of Detroit and serves on its Business School Advisory Board. As he indicated during the candidate forum, he is a "personal friend" of Republican Congressman Joe Knollenberg, the conservative representative from Michigan's 9th district, and has contributed generously to his election campaigns. He stressed, however, that he was

"not what you'd call a traditional anti-union Republican," and that his mother, a WSU alumnus, "was a member of the union for Detroit school principals" until Engler abolished the union. He said he supported DeVos' failed attempt to divert public funds to vouchers for private schools, and he agrees with DeVos that the state budget "has lots of fat" that can be cut along with business taxes.

"The issues debated here and in the commercial media directly impact our university and our jobs. Whatever your political persuasion, make your voice heard on November 7th!"

Debbie Dingell (Democrat)

is President of the General Motors Foundation and GM's executive director for Global Community and Government Relations. She is a graduate of Georgetown University's School of Foreign Service, where she also earned her Masters in Liberal

Studies. She is a member of the National Institute of Health's Advisory Panel for Women's Research, and is Vice Chair of the Barbara Karmanos Center, serving as Co-Chair of the Breast Cancer Committee and the Government Relations Committee. Dingell is a member of the Democratic National Committee from Michigan, and is married to Democratic Congressman John Dingell. "We must keep Wayne competitive by investing in obtaining and retaining qualified faculty members," she wrote in her statement. "In bad times it may be necessary to invest in people and programs to dig your way out to a better future."

John Akouri (Republican) is a Farmington Hills City Councilor and host of the cable TV program, "Window to Washington." He is past chair of the Oakland County Bush-Cheney re-election campaign and served as press director and speech writer for Republican Congressman Joe Knollenberg. He is a graduate of Wayne State University's College of Fine, Performing and Communication Arts, and currently serves on the Madonna University Council for International Education and the Department of Homeland Security

Incident Management Team. "My active involvement in public affairs spans the course of the past two decades," he wrote in his statement, "working hard to be a leader in government, media and business at the local, state, and national levels."

Endorsements

All of the candidates express their support for WSU and their commitment to its mission. The AAUP-AFT Political Action Committee recommends a vote for the Democratic candidates because of the greater likelihood that their personal values and experience, as well as their party, are aligned with the needs of Wayne State University.

This seems especially compelling in the case of Eugene Driker, whose personal and family life have centered on Wayne State for the last half century. While Democrats are not always reliable supporters of working and professional people, Driker and Dingell compare favorably on this score with McLemore and Akouri, both supporters of George Bush and both deeply involved in the political career of Joe Knollenberg— one of Congress' most conservative members, now facing a close race from challenger Nancy Skinner.

In contrast to Driker and Dingell, neither Akouri nor McLemore seem to have given much thought to the issues of concern to academic employees in higher education. When McLemore, for example, was asked what his position was on Governor Granholm's proposal to remove restrictions on embryonic stem-cell research in Michigan, he said his Pro-Life values led him to oppose it. But when asked if it made any difference to him that already existing embryonic stem cells would otherwise be discarded, he promptly reversed himself. This does not suggest a lot of fore-thought.

Two of Our Own

Also appearing at the candidate forum were two members of the WSU faculty and the AAUP-AFT who are running for office.

Katherine White teaches patent law and contracting in the Law School and is running as a Democrat for the University of Michigan Board of Regents. She favors needs-based scholarships and the expansion of technology transfer and life-science opportunities to help Michigan shift to a new economy. She is opposed to what she calls the "short-term strategy of cutting faculty salaries and benefits, versus the long-term need to bring in and retain great faculty."

Tim Bledsoe of the Political Science Department is running as a Democrat in the 1st District (Grosse Pointes and Harper Woods) for the state House seat currently held by Republican Ed Gaffney. Bledsoe condemned the Republican strategy of abolishing the Single Business Tax without a plan to replace the lost revenue, calling it "a dagger aimed at the heart of higher education."

Turnout was sparse at the meeting, which we hope does not bode ill for turnout by WSU faculty and academic staff in the general election on November 7. The issues debated here and in the commercial media directly impact our university and our jobs. Whatever your political persuasion, *make your voice heard!*

**SEE OUR
NEW OFFICE**

AAUP-AFT

Place: 3301 Maccabees Bldg.
5057 Woodward Ave., Ste. 3301

Date: October 18, 2006

Time: 3:00 pm to 6:00 pm

We have invited President Reid &
members of the
Board of Governors to attend.

We will be serving Wine, Beer &
Hors d'oeuvres.

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DeVos did not have to invoke this stroke-of-the-pen power to exert effective control over Alterra. With this leverage in hand, he could count on Jerry Tubergen, Alterra’s Chairman of the Board, to act as his surrogate. Tubergen is DeVos’ long-time business partner and head of RDV Corporation, the DeVos family’s money-management firm. With Tubergen at the helm, Alterra’s by-laws were revised to give the investors a say in hiring executives and making decisions about corporate operations. This hardly qualifies as a “passive” investment.

There is no reason to dispute DeVos’ statement that he does not condone the abusive behavior of Alterra’s staff. But it is another matter to say, as he did in the first debate, that he had “only recently learned” of these allegations.

To believe this, one would have to assume that DeVos is a remarkably inept investor, since— as reported in the *Free Press*— Alterra’s problems have been “the subject of widespread media coverage” since 1999, including a major story in *Time* magazine in 2001 and an investigation by *USA Today* in 2004. It is far more plausible to conclude that he knew, but when confronted with his failure to disclose the Alterra investment, chose to lie in a moment of apparent panic.

A Lack of Candor

DeVos’ disingenuous behavior only fuels the ongoing controversy over his refusal to specify his tax policies or disclose his personal tax returns (which prompted Granholm’s Alterra accusations in the first place). One wonders what other surprises he has in store for us.

Here’s one: in the second debate DeVos suddenly announced that he would abolish all property taxes on business equipment. He had nothing to say about how Michigan’s cities and towns would deal with this massive revenue loss, amounting to an estimated \$1.5 billion.

Here’s another: as reported in the *Metro Times*,³ DeVos recently told the Associated Press that he believes high schools should be teaching “intelligent design,” an idea which he claims “many scientists are now suggesting is a very viable alternative theory.” It is doubtful that “many” of those scientists work at Wayne State or any other reputable institution of higher learning.

Together with the issues raised in last month’s *Newsbriefs*, there would seem to be little grounds for believing we can count on Dick DeVos to support the academic mission of this university

¹ John Gallagher, “DeVos: Alterra ‘Was a Tragic Situation,’” 4 October 2006.

² Mark Hornbeck et al., “Nursing Home Flap Escalates,” 4 October 2006.

³ Curt Guyette, “You don’t Know Dick: The Hard-Right Face Candidate DeVos Isn’t Showing Voters,” 4-10 October 2006.

Wayne State University Chapter

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