

Let's Be Smarter About Economic Development
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Leon County Commissioner
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The disclosure that local taxpayers will pay \$2.5 million to lure a “biotechnology” company here whose Chief Operating Officer only 16 months ago finished 8-1/2 years in federal prison for embezzlement raises serious questions about how we select economic development projects.

The ex-felon is Mark Whitacre, COO and President of Operations of Cypress Systems Inc., a California dietary supplement company seeking to locate a “pure culture fermentation center” in one of three locations (Innovation Park is one) under consideration. Only the Chief Executive Officer of Cypress Systems is more senior than him in the company.

Most troubling is that our Economic Development Council (EDC) told us nothing about Whitacre’s prison time when it proposed this project to Leon County, City of Tallahassee, and Innovation Park.

We still don’t know what his role will be here – how promising or not is the company’s proposed selenium-based dietary supplement – or other specific plans Cypress Systems has for our money.

But because “biotechnology” sounds better than “dietary supplement,” most everyone has ignored basic due diligence.

It would have shown that Whitacre was a top executive at Archer Daniels Midland in the mid-1990s, when his cooperation helped convict two other senior executives of illegal price-fixing. He was convicted of those charges – but also for embezzling \$9 million in ADM funds, which he stashed in his offshore bank accounts – while he was working with the FBI!

As an ex-felon in Florida (he lives in Pensacola), Whitacre cannot vote, serve on a jury, hold public office, carry a firearm, apply for most occupational or professional licenses, or hold an estimated 40 percent of jobs in this state.

In health care, Whitacre cannot be a registered nurse, paramedic, nurse assistant, therapist, radiological technologist, or other specialties requiring licenses, and probably not a physician.

But the city and county commissions this week ignored this disclosure about his ex-felon status (I found it with a simple Google search). The county voted 4-3 that he was entitled to \$900,000 of our tax dollars anyway. Cliff Thaell, Bill Proctor and I voted against it.

Its boosters argue that it was for a building, not Cypress Systems, so criminal records are irrelevant.

No private investor has offered to chip in for this new “wet lab” building. Neither FSU nor FAMU has made a similar offer. It’s all our money.

Leon County’s \$900,000 will be matched by the city and Innovation Park for a total investment by local taxpayers of \$2.5 million. That money would build a rent-free building for Cypress to test its main product – a selenium yeast compound – and prove that it prevents prostate and other cancers. Lacking approval by the Food and Drug Administration, selenium cannot legally be sold for cancer prevention.

Cypress Systems would occupy 4,100 of the building’s 10,000 square feet, and receive free rent for five years and a discounted rent for the next 15, a total of 20 years of subsidies not enumerated in EDC documents.

Plus, Cypress Systems is on track to receive \$588,000 in State of Florida Innovation Funds, subject to legislative approval – and an additional \$105,000 from other incentive programs. To ensure state generosity, Cypress Systems has hired super-lobbyists John Thrasher, Chris Dudley, Steve Madden, and Stacey Webb.

In return, Cypress would create 18 jobs here – at \$178,000 per job.

As for the “biotechnology” hype, Cypress Systems’ high-selenium yeast is one of countless dietary supplements sold in America with unproven health benefits. It’s an industry riddled with quackery, especially about curing or preventing cancer.

A National Institutes of Health study of selenium is underway but will not conclude until 2013. The Mayo Clinic stated in December, “For now selenium supplements aren’t recommended as a preventive measure for prostate cancer.”

In fact, selenium supplement use is linked to a 50-percent increased risk for type II diabetes, according to an eight-year study by the National Prevention of Cancer Trial published last year in the *Annals of Internal Medicine*.

None of this convicts Whitacre or Cypress Systems of wrongdoing,

Whitacre’s petition for a presidential pardon may be granted – selenium may not be medical quackery – it may be proven to have no harmful side effects – the products developed may succeed in the marketplace – and Cypress might spark a biotechnology boom here.

But you cannot tell based on the flimsy information the EDC provided to us. (You can read for yourself our agenda item #10 at:

http://www.leoncountyfl.gov/ADMIN/Agenda/view2.asp?meeting_date=4/8/2008&item_type=0.)

For that matter, the EDC has no published standards for evaluating proposals for financial viability, scientific merit, credit-worthiness, benefits to the community, or other key factors. Neither does the county.

Taxpayers deserve a full examination of this proposal – and all future proposals – by reliable experts before we elected officials make such a major investment of taxpayers' money.

Instead, the EDC and other boosters have circled the wagons to defend this half-baked decision. One even stated his fears that thorough analysis could scare away new business proposals.

We deserve better than this.

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