



MONDAY
DECEMBER 9, 2002

The San Diego

Union-Tribune.

Plan proposed to clean up toxic mess

Plant owner faces arrest for violations in Mexico

By Joe Cantlupe
COPLEY NEWS SERVICE

Sometimes, Reinaldo Kahn worries that authorities from Mexico will somehow slip across the border and take away his 87-year-old father, Jose, who faces arrest for creating one of the worst toxic messes along the U.S.-Mexico border.

Still, a decade after Mexican investigators shut the Kahns' lead-smelting plant in Tijuana, father and son continue meeting

with Mexican officials to figure out ways to clean up the site of their former plant, Metales y Derivados.

For years, the meetings — always on the U.S. side of the border — went nowhere.

The Kahns, who live in San Diego County, now believe they have come up with a suitable plan to help finance a potentially \$1 million cleanup of the old factory.

Specifically, they are resting their hopes on an application to the North American Development Bank for a loan to help remove 6,000 tons of debris from the site.

Baja California officials have joined in as a sponsor of the funding application, according to bank records.

The Kahns said they also have begun working with a Mexican waste recovery company to take samples of battery acid and other wastes left at the former Metales site.

Jose Kahn opened Metales in 1972 as one of Tijuana's early maquiladoras, recycling lead from car batteries, the same kind of work he performed decades earlier in Chile and Argentina.

The site is a few hundred yards from a small ravine and Tijuana's colonia Chilpancingo, home to 10,000 people.

Since Mexican authorities shut the Met-



Jose Kahn of Point Loma is wanted in Mexico for creating a toxic mess with his lead-smelting business Metales y Derivados along the U.S.-Mexico border. Sandy Huffaker

SEE **Cleanup, B3**

► CLEANUP

CONTINUED FROM PAGE B1

Kahns allowed waste at Mexico plant to pile up

ales plant in 1993, mounds of lead slag, other waste products such as arsenic and cadmium, copper and other materials are scattered in sacks and drums, Mexican reports show.

Mexican authorities have "grave concerns" about possible environmental hazards, according to one of the many reports about the site.

Another report found levels of lead contamination in the Metales vicinity an estimated 550 times above U.S. Environmental Protection Agency standards.

Although some environmental advocates blame unexplained rashes, allergies and other illnesses in the area on Metales, authorities say more studies are needed. There also are dozens of other maquiladoras in the nearby industrial park.

Since the Kahns told Copley News Service about their financial proposal, U.S. authorities have reacted cautiously, taking a wait-and-see approach.

Mexican authorities are calling the proposal a significant step toward possible cleanup.

"We believe that this is a big step in the way to find the best solution for everybody, including also the search for funds," said Socorro Maldonado, coordinator of urban development promotion for Baja California.

The elder Kahn, the majority

shareholder in the company that ran Metales for more than 20 years, also is optimistic. During a recent interview, he appeared determined and steadfast, looking anything but the wanted man that he is.

If he sets foot in Mexico, he acknowledged matter-of-factly, he would be arrested for violation of environmental laws. He cited an arrest warrant filed against him and his wife in 1995.

Kahn spoke in a thick German accent, his thinning hair swept back as he sat behind a small desk covered with files in his San Diego office suite.

Long-neglected water stains carved a path down a wall from the ceiling in one corner of the office, which holds a metal cabinet full of files from the Metales battery recycling plant.

Josef Kahn, who was born and raised in Germany and was a student at the Sorbonne in Paris, said he fled Europe during the rise of Hitler. In Latin America, people called him "Jose," and the name stuck.

Metales was always a small operation, he said, adding that its yearly output of recycled lead was what some companies produced in a week.

"This didn't make me rich," said Kahn, who lives in Point Loma.

Since Metales was shut down, Kahn said, he has been in the "buying and selling of scrap metal" business but can't afford to clean up the Metales site.

Jose Kahn's middle-aged son, Reinaldo, operated the Metales plant for years.

"It's taken 10 years out of my life," Reinaldo Kahn said, point-

ing to the Metales files in his father's office.

He recently became a real estate broker.

The Kahns told a story of bureaucratic blunders — including their own — and an unfolding environmental quagmire.

"We're trying to fix a problem; we all want a solution," said Jose Kahn, a father of four and grandfather of seven. "No one wants to walk away without a cleanup. We never abandoned the plant."

Wastes accumulated

Outside the Metales site, there is a sign warning "Stay Out" on a broken fence. People occasionally wander around the property, taking steel beams or other structures from the shell of the building, environmental officials said. A homeless man has been living around the property, even setting up a makeshift kitchen.

In the early years of the Metales operation, Kahn cheaply disposed of some of his factory's wastes outside of Mexico, which has few toxic-waste disposal sites. Some went to Utah, others as far as Europe.

The Kahns said environmental crackdowns and financial constraints left them little choice but to keep the lead slag piles at the site.

Environmental officials on both sides of the border say the Kahns wrongly allowed the wastes to pile up.

During negotiations with Mexican authorities over the years, sources said, the Kahns often were criticized for failing to generate a financing plan and for being too eager to make

profits.

Cesar Luna, a policy advocate for the Environmental Health Coalition, has called the Kahns' company irresponsible for having operated "comfortably in San Diego with profits made in Tijuana at the expense of residents and neighboring communities."

A series of bureaucratic mistakes also may have undermined the possible funding for a cleanup years ago.

When the company started business in Tijuana, it submitted a \$1 million bond, according to Mexican records. Under terms of the bond, the money was supposed to reimburse the Mexican government if the business was responsible for environmental or other problems, financial analysts said.

But a North American Free Trade Agreement document questioned the bond's validity.

"There is no record that the bond guaranteeing the legal obligations arising from the financial measures order was ever executed," the document states.

U.S. officials, in recent interviews, said they have raised questions about the bond, citing lack of accountability in Mexican records.

Environmental advocates suggested the bond could have been used by Mexican officials as collateral for a cleanup, but it never was.

The Kahns also provided documents showing they had begun creating a detailed plan to clean up the site before Mexico closed it down. Although records show U.S. officials endorsed the plan, Mexican officials rejected it.

"We're trying to fix a problem; we all want a solution. No one wants to walk away without a cleanup. We never abandoned the plant."

JOSE KAHN

That recycling plan would have cost about \$350,000, the Kahns said.

Earlier this year, the Kahns' first proposal for funding from the North American Development Bank was rejected.

They recently came up with a new proposal for a loan of more than \$700,000. With Baja California officials joining as a sponsor, the proposal is being seriously considered, bank officials said.

Authorities said they hope the bank's initial loan, even if it falls short, could begin excavation, although eventual cleanup costs could reach \$1 million. Neither the Kahns nor Baja officials would disclose each party's responsibility for the loan.

Although the Kahns are sometimes wary about meeting with Mexican authorities because of the criminal arrest warrant hanging over the father, they say they now want solutions.

The Baja California official, Maldonado, agreed. Both sides want to resolve "the problem as soon as possible," she said.