

Is Drywall the Next Chinese Import Scandal?

By Tim Padgett / Miami Monday, Mar. 23, 2009



Howard Ehram of Chinese Drywall Screening removes an electrical plate to see if the receptacles show any signs of Chinese drywall in a home in Port St. Lucie, Fla.

Sarah Grile / Palm Beach Post / Zuma

Soon after Danie Beck and her husband bought their two-story town house west of Miami in the summer of 2006, she thought an animal had died somewhere behind the walls. The strong sulfurous odor lingered, she says, and she began having dizzy spells that would keep her in bed for days. She began suffering from insomnia and sore, swollen joints. The house, too, appeared to be ailing: lights began

blinking on and off, and Beck noticed discoloration of her wood furniture. The air conditioner, an indispensable appliance in South Florida, kept conking out. "It was an absolute nightmare," the 67-year-old dance teacher says. "I felt as if something in this house was hammering me into the ground every day."

It wasn't until her repairman got fed up with fixing inexplicably corroded air-conditioner coils that Beck finally discovered what she and her home builder suspect is the source of the poltergeist: the Chinese drywall inside the house. Beck is among hundreds of homeowners in Florida alleging that toxic levels of chemical pollutants like sulfur are issuing from contaminated drywall made in some Chinese factories. At least four class actions have been filed in Florida; others have been filed in California, Louisiana and Alabama. ([See pictures of China's electronic-waste village.](#))

The U.S. Consumer Product Safety Commission is investigating the complaints. If the drywall proves to be the culprit, plaintiffs' attorneys say tens of thousands of potentially affected homes could see a further drop in prices already [hammered by the credit crisis](#). "A lot of these people are just getting hit over the head a second time," says David Durkee, a Miami attorney who has filed one of the suits. "This could have a further impact on the mortgage crisis by giving overwhelmed homeowners another

During the heady but reckless days of the recent U.S. housing-construction boom, builders were desperate for materials, and [drywall](#) was especially in demand. Before 2005, drywall imports to the U.S. from China were negligible; since 2006, more than 550 million lb. of it has been shipped here, mostly to Florida. The imports amount to a fraction of the 15 million tons of drywall produced domestically each year, but it was used to build more than 60,000 homes in at least a dozen states — including some post-Katrina reconstruction in Louisiana.

More than half the homes built with Chinese drywall are in Florida. Some of the suits there target construction companies; others include German drywall manufacturer Knauf and its Chinese subsidiaries — which are in turn being sued by at least one Florida home builder, Lennar Corp. Miami-based Lennar, which is also suing the U.S. suppliers from which it bought the Chinese drywall, has confronted the problem and initiated a program to do inspections and remove the offending wallboard in many homes, including Beck's. (The process usually involves moving a family out of the house for at least six months to replace its interior.) Another lawsuit defendant, Engle Homes, based in Hollywood, Fla., has also admitted that the drywall problem exists in at least a small number of its homes. In a statement about houses near Fort Myers, Fla., that are part of Durkee's suit, the company says, "Our initial findings tell us that that this seems to be an isolated incident that has affected a small number of Engle Homes in the Fort Myers, Fla., area and we are currently developing a plan to assist our affected homeowners."

Drywall is made from gypsum, a soft mineral, that is pressed between thick paperboard. Plaintiffs' attorneys say the allegedly toxic drywall material probably originated in at least one gypsum mine in China and possibly others. (A few years ago, Knauf and other drywall producers received complaints about a mine in Tianjin, China; Knauf says it stopped using the mine toward the end of 2006.) But Knauf denies that its product is toxic and argues it is not the only supplier of Chinese-made drywall to the U.S. Contacted by TIME, the company referred to a statement by its subsidiary, Knauf Plasterboard Tianjin Ltd.: "Any low levels of sulfur compounds present in the air in homes are not a health risk ... The substances identified in testing are in no greater amounts than [in] the air found outside homes or in soil, marshes or the oceans."

The Florida Department of Health has not yet concluded its own tests of the drywall in question. But

and their occupants can't be mere coincidence. The problem came to light last year as those homeowners began commiserating on the Internet about rotten-egg smells in their houses and rashes of nosebleeds and other ailments. At the same time, exasperated air-conditioner repairmen began complaining to builders about copper-coil corrosion in newly built houses. The air-conditioning companies concluded it was caused by high levels of airborne sulfur and moldy toxins. Wires in outlets, appliances and lamps were going bad too, as was wood. That in turn raised red flags for consumer-protection groups, already [alarmed in recent years by the flood of defective Chinese-made products](#) like toothpaste and toys.

Depending on how many homes ultimately prove to be contaminated, the repair costs — Beck says Lennar promised to tear her house down "to the studs" — could run into the tens of millions for builders. And that does not include the unspecified damages sought in the lawsuits. One problem plaintiffs face, however, is that many of the builders being sued have gone bankrupt in the recent housing bust. And even if homes are repaired, they may still carry the taint of having been drywall victims. Beck paid \$344,000 for her town house; it is now worth \$245,000 — less than the amount owed on her mortgage. And she worries that she may not be able to sell it at some point in the future even after Lennar fixes the drywall problem. "I'll admit there are moments when I'm tempted to ask Lennar to just buy the house back," says Beck, whose husband died last year of cancer. (His illness was not related to the drywall.)

Beck's fortunes have taken a pummeling in recent years. She and her husband bought the town house after an arson fire destroyed the Miami home they had lived in for 39 years. And she has become accustomed to seeing its value jeopardized by the threat of hurricanes and by Wall Street malfeasance. But she wasn't expecting any trouble from China.

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