

# Du Pont heir charges trust mismanagement

by L. Wolfe

Lewis du Pont Smith, an heir to the du Pont family fortune, charged Nov. 13 that "inept management and stupid financial judgment" by his family and the court-appointed guardians of his inheritance have lost him "millions of dollars" in the wake of the Oct. 19 "Black Monday" stock market crash.

Smith, who recently returned from a vacation trip to Europe, said that he had repeatedly told the managers of his estate, the Wilmington Trust Company, to sell off his holdings in equities because "the markets were headed for a great crash."

"I am not a crystal-ball gazer," said du Pont Smith. "It is well known that I am a supporter of Democratic presidential hopeful Lyndon H. LaRouche, who also happens to be the person whom I consider the greatest economist of this century. Last spring, Mr. LaRouche published a quite detailed analysis, stating that the markets were headed for a crash by mid-October. I studied the basis of that analysis and found all the assumptions to be on the money."

"At that point," he continued, "I decided that the best way to protect my assets which are held in trust accounts would be to sell off all equities and convert to a cash position or Treasury bills."

Last year, Smith's family had a Pennsylvania court declare him mentally incompetent, charging that his support for LaRouche proved his incompetence. "I am not in charge of my accounts," he said. "I live on a monthly, court-appointed allowance. I have not been given accounting of the management of my estate, which I estimate to be in excess of \$10 million—at least, before the crash."

Smith stated that he first attempted to communicate his desire to Wilmington Trust to convert his assets to more conservative investments in May. "I told them, in several discussions and in letters, that the market was going to take an unprecedented dive," he said. "I even sent copies of economic reports substantiating this from LaRouche and his associates."

"I told them that they should take whatever profits that had been made in the speculative run-up of the market and be thankful," du Pont Smith said. "I told them, to fail to do that was gambling with my fortune and was irresponsible and reckless."

"I was told by Wilmington Trust that their market analysts were forecasting another year of the 'bull market,'" he said.

"One portion of my portfolio, the so-called guardianship trust—which prior to the court's unprecedented action declaring me incompetent for political reasons, I controlled—the bank converted into a 50% cash and Treasury bill position. That was not what I had asked for—I wanted them to convert everything—but it was better than doing nothing."

## Market 'correction' cost \$3 million

But Wilmington Trust resolutely refused to do anything about converting the much larger portion of Mr. Smith's portfolio.

Du Pont Smith then attempted legal action to gain partial management control of his trust accounts to force their managers to convert them to cash positions. That suit was lost in Pennsylvania courts during the summer.

"Before I left for Europe this September, I again attempted to reason with my court-appointed trust managers, asking them to get out of the market immediately before my estate suffered severe and irrecoverable losses," du Pont Smith stated. "I was told that Wilmington Trust's market analysts were still predicting the extension of the 'bull market' for another year or more. These great money managers would not listen to any contrary facts. I left for Europe knowing that when I returned, a good portion of my estate would be wiped out and I was helpless to do anything to prevent it."

"I estimate that Wilmington Trust's incompetence lost me more than \$3.3 million when the market crashed," du Pont Smith charged. "On my return, my lawyer sent the bank, at my request, a letter stating that they had failed to heed my warning and follow my requests before, costing me millions. Now, the bank continues to cling to the delusion that the markets will recover. They wrote me a letter, after Black Monday, stating that they continue to be 'bullish' and this crash, the worst in history, was merely a correction of the market. What insanity!"

"The facts in my case are now more clearly highlighted than ever," du Pont Smith continued. "A court declared me incompetent to manage my estate, because I gave \$212,000 to organizations associated with Lyndon LaRouche. Those organizations published economic analyses that predicted the stock market debacle, based upon an understanding of the real economy and its mismanagement. The court turns my fortune over to a bank which follows the policies and fantasies that have led to the worst crash in history. Even after the crash, these gentlemen cannot see reality. I have already lost far more because of their fantasy-ridden incompetence than I ever gave to organizations associated with LaRouche. The guardians of my trust, these court-appointed pillars of sanity, now plan to lose even more of my money because the market will continue to collapse, because economic policies causing the collapse have not been changed."

"I ask you," said du Pont Smith, "based on these facts, who is really mentally incompetent and who should be managing whose estate?"