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Final Edition

**Obama grant being probed; State to charity: What happened to garden money, other cash?**

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A $100,000 state grant for a botanic garden in Englewood that then-state Sen. Barack Obama awarded in 2001 to a group headed by a onetime campaign volunteer is now under investigation by the Illinois attorney general amid new questions, prompted by Chicago Sun-Times reports, about whether the money might have been misspent.

The garden was never built. And now state records obtained by the Sun-Times show $65,000 of the grant money went to the wife of Kenny B. Smith, the Obama 2000 congressional campaign volunteer who heads the Chicago Better Housing Association, which was in charge of the project for the blighted South Side neighborhood.

Smith wrote another $20,000 in grant-related checks to K.D. Contractors, a construction company that his wife, Karen D. Smith, created five months after work on the garden was supposed to have begun, records show. K.D. is no longer in business.

Attorney General Lisa Madigan -- a Democrat who is supporting Obama's presidential bid -- is investigating "whether this charitable organization properly used its charitable assets, including the state funds it received," Cara Smith, Madigan's deputy chief of staff, said Wednesday.

In addition to the 2001 grant that Obama directed to the housing association as a "member initiative," the not-for-profit group got a separate $20,000 state grant in 2006.

Madigan's office has notified Obama's presidential campaign of the probe, which was launched this week. But Obama's actions in awarding the money are not a focus of the investigation, Smith said.

Questions about the grant, though, come as spending on local pet projects has become an issue in Obama's campaign against John McCain.

Obama and Kenny Smith announced the "Englewood Botanic Garden Project" at a January 2000 news conference at Englewood High School. Obama was in the midst of a failed bid to oust South Side Democratic Rep. Bobby Rush for a seat in Congress. The garden -- planned near and under L tracks between 59th Place and 62nd Place -- fell outside of Obama's Illinois Senate district but within the congressional district's borders.

Obama vowed to "work tirelessly" to raise $1.1 million to help Smith's organization turn the City of Chicago-owned lot into an oasis of trees and paths. But Obama lost the congressional race, no more money was raised, and today the garden site is a mess of weeds, chunks of concrete and garbage. The only noticeable improvement is a gazebo.

In a previous interview, Smith said the state grant money was legitimately spent, mostly on underground site preparation.

But no one ever took out construction permits required for such work, city records show. And a contractor who Smith said did most of the work told a reporter all he did was cut down trees and grade the site with a Bobcat.

Citing the garden's failure to take root, NeighborSpace -- an umbrella group for dozens of community gardens citywide -- moved Sept. 9 to return the site to the city. Its action followed a July 11 Sun-Times report on the grant.

Obama spokesman Michael Ortiz said Wednesday the senator's staff in Washington will monitor the Madigan probe and an additional review under way by Gov. Blagojevich's administration to make sure "the taxpayer funds allocated for the construction of the garden are recuperated from CBHA if the agencies determine that the funds were not properly spent."

Obama's goal is to ensure the site "be used in a way that benefits the community and that any taxpayer dollars allocated are spent wisely," Ortiz said.

The relationship between Smith and Obama dates to at least 1997, when Obama wrote a letter that Smith used to help the housing association win city funding for an affordable-housing development near the garden site. Plans called for more than 50 homes; a dozen ultimately were built.

Smith also has donated $550 to Obama campaign funds.

Neither Smith nor his wife has been accused of any wrongdoing. Smith and his lawyer did not return repeated calls seeking comment.

In an interview in July, Smith said he was never able to raise the money needed for the garden. But the state grant awarded by Obama was spent properly, he said, on the underground work, with most of the work done by a contractor whose name Smith got wrong.

The Sun-Times tracked down the contractor, Rodolfo Marin, in Austin, Texas, where he now lives.

"What I was hired for was: Clean up the area and cut the trees -- that's all," Marin said. He said he rented a Bobcat -- a sort of small bulldozer -- for the project.

And how much did Smith pay him? "If he spent about $3,000 with me, that was too much."