

BP Oil Spill: Lawsuit Filed Against BP Compensation Czar

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Tampa, Florida – A first-of-its-kind lawsuit alleging gross negligence and fraud has been filed in a Florida state court against Kenneth Feinberg, the administrator of the 20-billion-dollar compensation fund for victims of BP’s Gulf oil spill, and the Gulf Coast Claims Facility (GCCF).

Attorney Brian Donovan of the Donovan Law Group from Tampa filed the complaint against Feinberg, his firm Feinberg Rozen, LLP and the GCCF on behalf of Pinellas Marine Salvage, Inc. and John Mavrogiannis.

The complaint alleges, in part, gross negligence, fraud, fraudulent inducement and unjust enrichment on the part of the defendants.

“Feinberg and the GCCF have done more damage than the oil spill,” Donovan told IPS. “My client has relied on what Feinberg said he would do. They’ve made promises they didn’t keep. John’s company was promised money they have not received.”

Mavrogiannis told IPS, “We’re sick and tired of this runaround. I’m tired of Feinberg’s lies. He’s made promises he hasn’t kept. He’s manipulating the system and that’s not right.”

Mavrogiannis is far from alone in not having received compensation for the severe losses his business has suffered as a direct result of BP’s oil disaster in the Gulf of Mexico that began last April.

It was recently revealed that more than 130,000 compensation claims will be refused by Feinberg, who claims they lack adequate documentation.

State governments of Florida, Alabama, Mississippi and Louisiana are accusing Feinberg of delaying claims and causing great hardship to local businesses, as well as underestimating losses to coastal businesses.

Donovan believes Feinberg is simply doing what he is being paid by BP to do.

“He’s doing his job,” Donovan told IPS, “Feinberg is a defence attorney representing BP. To think otherwise is being foolish. As a defence attorney, he’s doing a great job for BP. But they are saying ‘go with us, or sue us’.”

Feinberg’s Washington-based firm, Feinberg Rozen, was being paid 850,000 dollars a month

by BP to administer the compensation fund and claims process for Gulf residents and fishermen.

A 46-page contract between BP and Feinberg detailing the arrangement was made public on Jan. 7 when it was filed in the U.S. District Court in New Orleans as part of the multi-district spill litigation against BP.

As of Jan. 15, the firm's fee, according to the document, will be "mutually agreed to by the parties on a quarterly basis in advance of the first day of each successive calendar quarter." This clause has led many critics to believe that Feinberg could stand to gain from dispensing less of the fund's 20 billion dollars to claimants and tying the amount of its payments to Feinberg's success in limiting BP's liability.

Any funds remaining from the 20 billion would revert to BP under an agreement with the White House. Feinberg has told reporters, "My understanding is that if 20 billion dollars is sufficient and there is money left over it is retained by BP."

In late December, Feinberg told Bloomberg Television that he anticipates about half of the fund should be enough to cover claims for economic losses.

Donovan believes lawsuits haven't been filed against Feinberg before now "because of politics".

"His political connections is all I can think of. I can't think of why more people won't go after Feinberg for this, because it's obvious they should," he said.

"The only attorneys involved in the BP oil spill who I know are those trying to sign up victims for class action lawsuits," Donovan added. "This is understandable given that Reuters recently reported that fewer than three percent of the approximately 470,000 businesses and individuals who have filed claims with GCCF have lawyers helping them negotiate."

Mavrogiannis feels their complaint is solid, "Because Feinberg has lied to us on several occasions. Had he told me from the beginning he was working for BP, I would have filed suit against BP right when this happened. I believed he was impartial with no ties, but he has deceived me, and that's fraud."

"If I lose my property, business, and house because I can't make my mortgage payments because Feinberg is late in paying me, who is going to compensate me for this?" Mavrogiannis, whose home is close to being foreclosed, told IPS. "I have to take my IRA's [individual retirement accounts] out to pay my bills. I can only hang in there for another month or two then the banks are going to want their money."

Mavrogiannis' lawsuit alleges, in part, "The defendants employ a 'Delay, Deny, Defend' strategy against claimants. This strategy, commonly used by unscrupulous insurance companies, is as follows: Delay payment, starve claimant, and then offer the economically and emotionally-stressed claimant a miniscule percent of all damages to which the claimant is entitled. If the financially ruined claimant rejects the settlement offer, he or she may sue."

The amount paid out so far averages nearly 16,000

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