



Bangor Daily News

\$200 million and climbing: Lac Megantic defendants settling claims with railroad bankruptcy trustee

By Nick Sambides Jr. | January 15, 2015

Nearly \$200 million in settlement funds will go to the victims of a Maine railway oil train that derailed and exploded, killing 47 people in the heart of a small Quebec town in 2013, officials said Thursday.

That monetary total is an accumulated settlement extracted from negotiations over the last several months with several of the defendants responsible for the Lac Megantic disaster, according to Robert Keach, an attorney and bankruptcy trustee in the Montreal, Maine and Atlantic Railway case.

“It is a good first step. We are proud of the fact that we have been able to raise that much to date. We are not done yet,” Keach said Thursday. “We hope to double that or more. But if we never recovered another dime, it would still represent a very significant repayment.

“Our goal is still to get to \$500 million in the aggregate, and I still think that is realistic. We have some very large defendants who are the primarily liable parties who haven’t yet settled with us,” Keach added.

He said a confidentiality agreement prohibits him from identifying the defendants whose settlements compose the \$200 million. He told U.S. Magistrate Judge John Nivison during a case status conference at U.S. District Court in Bangor on Thursday he hopes to have settlement agreements finished with those defendants, with possibly several more who haven’t yet settled, for the court by Feb. 20.

The list of settling parties will be provided on Feb. 20 but won’t indicate dollar amounts the settling defendants agreed to or the actual agreements with those parties, Keach said. The number of victims receiving settlements was not immediately available.

The derailment and ensuing fire forced another 2,000 people from their homes, destroyed much of the downtown core in the village of fewer than 6,000 residents and forced MMA into bankruptcy, according to Reuters. A reformed rail freight hauling company named Central Maine and Quebec Railway eventually emerged under new ownership.

The unmanned train with 72 tank cars full of crude oil roared into Lac-Megantic after a 7-mile downhill run, reaching a top speed of 65 mph, on July 6, 2013, releasing 1.5 million gallons of oil that burst into an inferno, a report prepared by the Transportation Safety Board of Canada concluded.

The explosion was caused by the low flash point of the oil. The tanks that carried the oil also were not properly labeled, officials said.

Bangor attorney Walter Kurr, who represents many of the disaster's victims, praised Keach for "doing yeoman's work, getting the money" for the victims.

"We have come a long way in 18 months," Kurr said. "For the victims, it is probably not soon enough. They want money in their pocket, and I don't blame them. But in the legal context, getting this far in 18 months is huge."

A breakdown of the likely recipients of the \$200 million Keach provided indicated that those who filed wrongful death claims will receive just under \$58 million. The local and federal governments of Canada will receive \$86 million; \$28 million will go to property damage claims filed by uninsured victims; \$19 million to personal injury claims, such as those detailing psychological distress; and \$8 million will supplement claims filed by those insured against loss, he said.

Lawsuits will be filed against defendants Canadian Pacific Railway Ltd., World Fuel Services and Irving Oil Corp. if they don't settle, Kurr said.