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The Price of Justice: How MM&A Railway is Splitting up Victim Fund

By Sara Randazzo



A firefighter works on the scene of a train derailment in Lac-Mégantic, Quebec, in this July 7, 2013 file photo.

Christinne Muschi/Reuters

On July 6, 2013, a train carrying crude oil from North Dakota's Bakken region sat unattended on a track in Quebec. What happened next changed the course of hundreds of lives: The train began rolling down a hill and derailed, triggering a series of explosions that killed 47 people and leveled the small town of Lac-Mégantic.

Less than two years later, [a plan is taking shape](#) on how the families of those victims, and others affected by the crash, will be compensated for their losses. So far, a C\$300 million (about \$238 million in U.S. dollars) settlement fund has been raised, with contributions from insurance companies, oil producers, tank car manufacturers, and other parties involved along the supply chain.

Details filed this week in the bankruptcy case of Montreal Maine & Atlantic Railway Ltd., the operator of the train that crashed, show how the company proposes splitting up that fund among several camps waiting for the money.

Government agencies, including the Province of Quebec, city of Lac-Mégantic and the Canadian government, are in line for the largest share of the funds, an estimated C\$123 million. Families of those who died have been allocated C\$77 million, personal-injury claims are in line for C\$34 million, and those with property-damage claims should receive C\$28 million.

Within that C\$77 million for wrongful death claims, the breakdown gets even more detailed. The 48 victims—including the 47 who died because of the crash and a first responder who committed suicide—are allocated between C\$711,000 and C\$3.69 million.

A court document [showing the point system that led to those numbers](#) sheds insight into how a person's life is valued in a mass tort case. Those who died who were between the ages of 26 and 60, for instance, get more points than children. Having kids under the age of 21 boosts the recovery considerably, as does leaving behind a spouse that relied on the salary of the deceased. (The higher the salary, the more points awarded.)

The Wall Street Journal [reported last year](#) on how residents in Lac-Mégantic have struggled to resume daily life, and embrace an economy heavily dependent on rail, since the crash.

“For everyone this is a horrible thing that happened, it's hard ever to (determine) who's been damaged worse,” says Peter Flowers, a Chicago plaintiffs attorney representing the families of the 48 victims. “It's just difficult. Whether it's fair is a question.”

Robert Keach, the court-appointed trustee overseeing MM&A's bankruptcy, said Wednesday that “no amount of money is ever going to be enough to address this tragedy, because it's money.” That said, Mr. Keach, a Maine attorney, added that he's proud of the work that's been done to raise the settlement fund and that they hope to make payments by August.

Litigation continues against two parties that Mr. Keach and the victims would like to hold responsible for the crash: Canadian Pacific Railway, which transported the oil to Montreal, and oil supplier World Fuel Services Corp. A Canadian Pacific Railway spokesman declined to comment Thursday. A representative for World Fuel, which has denied fault in the crash, did not return a call for comment Thursday.

Mr. Flowers said his clients include “the young, the old, the healthy, the unhealthy. Every one of these demographics was hit by this.”

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