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Court may reduce Exxon-Valdez damages

BY MARK SHERMAN • ASSOCIATED PRESS • February 28, 2008

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WASHINGTON -- The U.S. Supreme Court seemed inclined Wednesday to reduce the \$2.5-billion award of punitive damages to victims of the 1989 Exxon Valdez disaster.

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Several justices indicated they think the amount approved by a federal appeals court is too high, though there was no apparent consensus about how much Exxon Mobil Corp. should have to pay for the accident in which its 987-foot tanker ran aground on a reef and dumped 11 million gallons of oil into Alaska waters.

Justices Anthony Kennedy and David Souter suggested that a reasonable number would be twice the amount of money the company has paid to compensate victims for economic losses. Walter Dellinger, representing Exxon, said the company already has paid about \$500 million in such costs.

Overall, Exxon has paid \$3.4 billion in fines, penalties, cleanup costs, claims and other expenses resulting from the worst oil spill in U.S. history.

"Exxon gained nothing by what went wrong in this case and paid dearly for it," Dellinger said, in urging the court to erase the punitive damages judgment.

Stanford University law professor Jeffrey Fisher said the nearly 33,000 commercial fishermen, Native Alaskans, landowners, businesses and local governments he represents have each received about \$15,000 so far "for having their lives destroyed."

Fisher said nothing in prior Supreme Court decisions should cause the justices to overturn the \$2.5-billion award, about \$75,000 for each plaintiff.

But Souter said the court has struggled for the past decade to limit excessive punitive damages awards and wondered why the justices should not come up with a number in this case.

"Would that be illegitimate or unwise?" he asked Fisher.

"I'll stick with unwise, Justice Souter," Fisher said.

Justice Samuel Alito, who owns Exxon stock, isn't taking part in the case. A 4-4 split on that or any issue would leave the appeals court ruling in place.

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