

BP cuts benefits to victims of Gulf oil disaster

“Claims czar” urges residents not to sue BP

Tom Eley
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BP has set to work both reducing settlements and dismissing tens of thousands of claims from the victims of the Gulf oil crisis. Meanwhile Kenneth Feinberg, the man appointed by Obama to oversee the escrow account tasked with settling claims against BP, on Wednesday asked Gulf residents not to sue the company.

Kristy Nichols, secretary of Louisiana’s Department of Children and Family Services, wrote to Feinberg that BP had confirmed that more than 40,000 of the nearly 100,000 Louisiana claimants receiving money from BP will see their checks reduced because their “claims files were incomplete”—i.e., for not completing paperwork to the satisfaction of the oil giant.

That “will be devastating to individuals surviving financially month-to-month,” Nichols said in the open letter. “This action is irresponsible and in complete contrast to BP’s repeated promise that they will ‘make things right.’”

According to Nichols, BP unilaterally determines the criteria required for claimants’ paperwork.

“It is crucial that BP not continue to penalize these individuals and instead accept alternative forms of documentation, such as records held by the Louisiana Department of Wildlife and Fisheries,” she wrote in a letter to BP protesting the decision.

BP will also cut claims payments “based on the seasonal nature of fishing activities, which will also result in a decrease in payments,” Nichols wrote. Thus fishermen who lost their livelihoods in the summer months—when they must earn for the entire year—will see their already meager checks, estimated to be at about \$5,000 monthly for owner-operators, cut further.

Nichols also revealed that BP refuses to treat shrimp, fish and oyster boat captains as small business owners whose boats are their places of business. “BP classifies

boat captains as individuals and does not take business expenses, including large monthly payments on the vessels, into consideration,” she said. “This is especially significant because many captains were forced to buy new vessels after they were damaged or destroyed by hurricanes Katrina and Gustav. Monthly payments of \$5,000 are simply not sufficient to maintain timely payments on boats and continue to pay for living expenses incurred by small business owners.”

BP also refuses to provide claims to individuals who it determines have suffered financially due to the Obama administration’s moratorium on new deep sea drilling in the Gulf. It refuses to reveal how many have been denied relief in this way, citing weaknesses in its database.

Finally, Nichols said that claims awards have fallen sharply since a spike in mid-June, in spite of a rapid increase in filings.

Elsewhere, Mobile, Alabama’s *Press-Register* reports that BP has not made payments to what it defines as “fringe claims.” “Largely unpaid,” according to the newspaper, “are claims dealing with health impacts, real estate sales, property value diminution and loss of use.”

Feinberg, the supposedly “independent” claims administrator appointed by Obama, bears direct responsibility for the decisions. In asking for relief for Louisiana victims, Nichols wrote to Feinberg that BP told her the claims information is “now under your control.” There is no evidence that Feinberg responded to Nichols’ letter.

Feinberg’s central task is in fact to preserve the financial well-being of BP and its shareholders. He is a ruling class “fixer,” having negotiated claims settlements—always to the benefit of corporations and the federal government—for the victims of the

September 11, 2001 terrorist attacks on New York City, settlements in cases of workers killed from exposure to asbestos, a class-action lawsuit over a birth control device that killed and injured women, and the class action lawsuit of US Vietnam veterans who were victims of the chemical defoliant Agent Orange. In his last role prior to taking over the BP claims facility, Feinberg served as Obama's "Pay Czar," where he ensured that CEOs at bailed-out Wall Street firms were paid in the millions. (See: "Who is Kenneth Feinberg?")

Every statement from Feinberg has indicated that those who will receive claims will be a relatively small group. With a fund of only \$20 billion to be paid out by BP over the next several years, it cannot be otherwise. The real economic impact of the oil disaster surely will run into the hundreds of billions of dollars.

Feinberg has already indicated that those "indirectly" impacted by the catastrophe will see no money. This includes small business owners and homeowners who cannot demonstrate that oil damaged their own properties—even if as a consequence of the spill their businesses collapse or their homes lose their value. Feinberg has also all but ruled out providing assistance to fishermen who operated on a cash-only basis.

Speaking in Florida's Pensacola Beach on Tuesday, Feinberg again implored Gulf residents not to sue BP. "You will not get a better deal filing a lawsuit and litigating for five years, rather than come into this facility, but that's your choice," he warned.

In fact, the applications turned down by his claims facility will enter any subsequent litigation at a disadvantage, a subject he himself broached in an interview with Fox Business News on Tuesday. "What would the law of Louisiana say if you file a lawsuit if you don't like what the facility is doing?" Feinberg rhetorically asked. "I have a feeling that they would draw the line at a certain point beyond which, as a matter of public policy, you cannot allow that claim. We shall see."



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