

The Legal Intelligencer

THE OLDEST LAW JOURNAL IN THE UNITED STATES 1843-2011

PHILADELPHIA, THURSDAY, JULY 18, 2013

An **ALM** Publication

(The following is excerpted from The Legal Intelligencer)

PSU Board Approved \$60 Mil. for Settlements

BY BEN PRESENT

Of the Legal staff

The Penn State board of trustees has approved a number around \$60 million to settle a majority of the claims made by people claiming convicted serial child molester Jerry Sandusky sexually abused them, sources have told The Legal.

The Legal had initially reported that the board had approved a figure in excess of \$30 million but significantly short of \$100 million to resolve the claims. However, numerous sources familiar with the negotiations have confirmed that the board has authorized a number somewhere in the close proximity of \$60 million to settle with most of the plaintiffs.

Penn State confirmed last week that its board approved tentative settlements reached with some of the claimants at a board meeting last Friday, voting unanimously to greenlight the accords. However, the university is not expected to announce an overall dollar amount until it has settled with everyone.

There are believed to be 32 plaintiffs who have contacted Penn State about resolving claims stemming from allegations that Sandusky abused them.

A "majority" of those 32 total claims, sources said at the beginning of the week, were in the following posture: Penn State has posed an amount of money that lawyers agreed their client would accept, but papers

are not signed yet. There was no indication from sources or media reports that any deals had been inked Wednesday.

A number of claims, meanwhile, likely 10 or fewer, are not at the stage where an offer has been tentatively accepted, either because attorneys representing the accusers have rejected the university's offer or the negotiations have not gotten to the point of final offers, sources said. Those final negotiations could mean Penn State pays out more than \$60 million or possibly less than that figure.

Sources involved in the negotiations have also said Penn State's legal team has made offers to some of the claimants who would have likely been time-barred from successfully bringing suit based on the statute of limitations. Those claims, sources said, are not among the most substantial tentative agreements, but have also not been dismissed by the university's representatives.

Last September, the university hired Ken Feinberg and his partner, Michael K. Rozen, to handle negotiations with claimants and their attorneys. Feinberg and Rozen, nationally-recognized mediators from the Feinberg Rozen firm, have worked on the 9/11 victim fund, settlements related to the BP Deepwater Horizon oil spill, and other massive victim-compensation plans.

Sources say the university has a good chance of resolving all of the

outstanding claims by the end of the summer.

If the matter plays out along that timeline, Feinberg and Rozen will have worked for just less than a year on the compensation package.

Reached for comment Monday, Rozen said: "Negotiations have been proceeding in good faith and I'm optimistic that resolutions of many of the claims can be obtained in near-term future."

Rozen declined further comment and there was no indication of what certain cases were settling for.

The claimants' attorneys, when contacted by The Legal, declined to comment on the values their clients have accepted. Attorneys also declined to speculate on the number approved by the board.

However, on Monday, several of the plaintiffs' lawyers commended Penn State's legal representation for its approach to the negotiations.

... Thomas R. Kline, who represents a man known as Victim 5, said his client was close to settling as well, and commended the Penn State negotiators for bringing most of the claims nearly to completion.

"The board action was one more positive step in the series of steps that are needed to reach a final settlement," Kline said. "There have been negotiations for months which have now, to my understanding, resulted in tentative agreements with many if not most counsel representing the

Sandusky victims who have claims against Penn State, including Victim 5, who I represent."

Kline, declining to comment on the value of either his individual settlement or the global number, noted all of the negotiations have had a requirement of confidentiality to his understanding, and that a "large majority" of the negotiations, as he understands it, have been productive.

"I expect that the cases can be now finalized within weeks based upon the necessary documentation and paperwork," Kline added. "The Penn State negotiators, in particular Michael Rozen, have been constructive and productive in moving this process to the end stage, which we are now approaching."

... Sandusky, the longtime defensive coordinator of Penn State's football team, was convicted on 45 of 48 counts of child sex abuse in June of last year. Eight victims testified against Sandusky and the accounts of two other victims were elucidated through witness testimony. All of the victims who testified against their former abuser have been negotiating with the university. A man known as Victim 2, who McQueary said he saw Sandusky molest in a shower in 2001, also has legal representation and has been negotiating with the university. Others, including a man named Travis Weaver who went public after testimony closed in Sandusky's trial, and Matt Sandusky, Sandusky's adopted son, have also been negotiating settlements with Penn State.

Penn State, meanwhile, has been in an ongoing legal battle over coverage with its primary liability insurance carrier during the relevant time period, Pennsylvania Manufacturers' Association Insurance Co. The litigation is over the extent to which PMA has to cover Penn State in both defense costs and damages payouts but, to this point, has mostly been battles over venue. PMA contends the insurance litigation should play out in Philadelphia while Penn State has tried more

than once to move it to Centre County.