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## **Exxon Valdez punitive damages reduced**

Twenty years after the grounding of the supertanker *Exxon Valdez* in Alaska's Prince William Sound, the US Supreme Court has ruled on the extent of the punitive damages that should be assessed against Exxon for the resulting oil spill.


Punitive damages are distinct from the compensatory damages assessed in this class action (*Exxon vs. Baker*), which were intended to cover the economic damage to commercial fishermen and other private parties, and totaled some \$310 million.

Punitive damages are, as the name implies are intended to serve as retribution and as to deter any repetition of the original incident. Punitive damages are also the only funds that can help with restoring environmental damage.

At the US Supreme Court, Exxon challenged the punitive damage award, which an Alaskan jury had awarded at \$5 billion on September 16, 1994. Following Exxon's appeals this was reduced first to \$4 billion plus

interest in 2002 and to further reduced to \$2.5 billion in 2006. During all this time no money was paid. (Exxon reported a net profits of \$40 billion in 2007.) Finally, in June 2008, the US Supreme Court reduced the punitive damages award to \$507.5 million and legislated a cap of 1:1 ratio of punitive damages to compensatory damages in maritime cases.

However a challenge has been issued this week in the US Senate to overthrow capping punitive to compensatory damages, probably in view of the worsening situation in The Gulf of Mexico.

*This case is referred to in Loys Maingon's article on oil spills in Island Tides' May 27 issue, also next edition see review of Riki Ott's book 'Not One Drop: Betrayal and Courage in the Wake of the Exxon Valdez Oil Spill.'* 

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