

Companies To Pay \$14.8M In FEMA Trailer Settlement

Michael Kunzelman, Associated Press

NEW ORLEANS (AP) — Nearly two dozen companies that manufactured government-issued trailers for storm victims after Hurricane Katrina have agreed to pay \$14.8 million in a proposed class-action settlement of claims that the temporary shelters exposed occupants to hazardous fumes.

Plaintiffs' attorney Gerald Meunier said Tuesday that the agreement could benefit tens of thousands of Gulf Coast residents who lived in travel trailers provided by the Federal Emergency Management Agency after hurricanes Katrina and Rita in 2005.

Meunier said 21 trailer makers or their insurers will pay to resolve the claims without any admission of wrongdoing.

A court filing Friday asks U.S. District Judge Kurt Engelhardt to give his preliminary approval to the deal, which would be the largest mass settlement of claims over formaldehyde levels in FEMA trailers so far. The chemical, commonly found in building materials, can cause breathing problems and is classified as a carcinogen.

The companies involved in the proposed settlement include Thor Industries Inc., of Jackson Center, Ohio; Recreation by Design LLC, of Elkhart, Ind.; Play-Mor Trailers Inc., of Westphalia, Mo.; Cruiser RV LLC, of Howe, Ind.; and Skyline Corp., of Elkhart, Ind.

The proposed settlement doesn't involve the federal government and doesn't resolve all pending claims against other companies that provided FEMA with travel trailers after Katrina.

Residents of Louisiana, Texas, Alabama and Mississippi who lived in FEMA trailers after the 2005 hurricanes are eligible to participate. If Engelhardt gives his final approval, a court-appointed special master would determine how much to award each plaintiff who qualifies. Up to 48 percent of the settlement funds paid by the defendants would cover attorneys' fees and costs.

Engelhardt has overseen hundreds of consolidated lawsuits and presided over three trials for claims against companies that manufactured and installed FEMA travel trailers. The juries in all three trials sided with the companies and didn't award any damages.

"Approving this settlement will end the excessive bleeding of costs by both sides in litigation that has dealt the Plaintiffs one blow after another," says Friday's joint court filing by lawyers for the plaintiffs and defendants.

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Meunier said he believes the deal is a "fair and reasonable" way to resolve many of the claims even though the amount of the settlement is "perhaps not what would have been expected at the very beginning of the case."

"I cannot say we're disappointed. I think we're being realistic," he said.

Play-Mor Trailers president John Willibrand said only three plaintiffs filed claims against his company, which agreed to pay an undisclosed amount to resolve them. Willibrand said Play-Mor didn't directly supply its trailers to FEMA. The agency purchased them from a Texas dealer, he added.

Willibrand said the company settled to avoid running up even more legal expenses.

"It's cost way too much money already," he said.

Court-appointed mediators helped broker the agreement after months of negotiations.

Last year, a group of companies that manufactured mobile homes for FEMA after Katrina agreed to pay \$2.6 million to resolve thousands of related claims. Travel trailers, which housed the majority of storm victims, are smaller and less sturdy than mobile homes and are more prone to elevated levels of formaldehyde.

Fleetwood Enterprises Inc., which supplied FEMA with travel trailers before it filed for bankruptcy in 2009, agreed in 2010 to a settlement resolving about 7,500 to 8,000 claims. Terms of that deal weren't disclosed.

Government tests on hundreds of trailers in Louisiana and Mississippi found formaldehyde levels that were, on average, about five times what people are exposed to in most modern homes. FEMA downplayed formaldehyde risks for months before those test results were announced in February 2008.

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