

Email forwarded to David Allen, Dec. 19, 2000, with letter to the editor by George Meyer.

Thought you'd want to see this:

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> *From: Meyer, George E*

> *Sent: Tuesday, December 19, 2000 8:57 AM*

> *Subject: WSJ Article on Fox River Settlement >*

> *To all DNR staff: >*

> *On Sunday, Dec. 17, the Wisconsin State Journal published a story, "Fox River Sellout?," contrasting the amount of our recently negotiated damages settlement with one of the seven paper companies involved in the Fox River clean up project, with a proposed settlement amount from the U.S. Fish and Wildlife Service. >*

> *The newspaper article neglected to mention several important facts considered in the negotiations between the department, the Attorney General's office and the paper company. >*

> *On Monday morning, I sent a letter to the editors of the Wisconsin State Journal and to news media along the Fox River corridor pointing out the facts the Journal failed to mention in their treatment of this important issue. You may see my letter in print, but I would like to share it with you now. >*

> *I feel the negotiated settlement we've reached is both fair and adequate and is a strong first step toward restoration of the Fox River ecosystem. There will be settlements for damages with the other six responsible parties, and all seven companies will also be financially liable for clean-up costs. Several cases across the nation have shown that the Fish and Wildlife Service typically sets very high damage numbers initially, but settles for as little as ten cents on the dollar. We just don't do business that way; we agreed on a no nonsense dollar settlement up front. I have great faith in the DNR and Attorney General's staff that negotiated the Fox River damage settlement with Fort James. I support them completely. >*

> *Following are the points I made to the Wisconsin State Journal editorial staff:*

Dear Editor:

Sunday's Wisconsin State Journal article: 'Fox River Sellout?' contrasted a damage settlement proposed by the U.S. Fish and Wildlife Service (FWS) with one negotiated by the Wisconsin Department of Natural Resources and the State Attorney General's Office.

The FWS is proposing a figure in the range of \$200-300 million for damages to the Fox River's ecosystem caused by discharges from the operations of seven paper companies located along the Fox River corridor. The State has a proposed settlement with one of the seven Fox River companies for \$7 million.

While Sunday's article presented some general arguments for both positions, it failed to include several facts, which show that the DNR-Attorney General's settlement is the correct and appropriate one.

** In 1999, in a similar situation, the Fish and Wildlife Service reached a settlement with General Motors on the Saginaw River in Michigan for \$17.6 million using the same approach that was used in this case. The State's settlement on the Fox is for \$7 million with just one of the seven responsible companies.*

** In 1999, in another similar situation, the Fish and Wildlife Service, reached a \$15 million settlement with General Electric on the Housatonic River in Massachusetts for a PCB problem almost identical to the Fox River situation. When complete, the Wisconsin settlement on the Fox is expected to exceed this.*

** The \$7 million state settlement on the Fox River is with just one of seven companies and is by far the largest environmental settlement in the history of the State of Wisconsin. Previous high settlements were \$1.7 million and \$1 million.*

** The economic theory used by the Fish and Wildlife Service in this case was struck down by a federal court in California in a case involving Montrose Chemical Company. The FWS request for \$700 million was settled for about ten cents on the dollar after 10 years of litigation.*

** The economic theory used by the Fish and Wildlife Service to build their case has been severely criticized by economist Daniel McFadden, PhD, the 2000 Nobel Prize winner in economics.*

** Lastly, when presented with the Fish and Wildlife Service's practice of proposing extremely high claim amounts and then settling for ten cents on the dollar, David Allen, the coordinator of the Fox River project for the U.S. Fish and Wildlife Service said: 'That's a valid charge.'*

The bottom line is that the seven Wisconsin companies in this matter should pay a substantial amount of money for past damages to the Fox River from their former discharges. However, should these Wisconsin employers pay 20 times what General Motors paid in Michigan or 20 times what General Electric paid in Massachusetts? That is the tough question that the Wisconsin State Journal did not ask.

Lastly, Sunday's article contained several allegations that the State's settlement was entered into by the DNR as an example of a cozy relationship between Governor Thompson's administration and business. These allegations are false. The damage determination and settlement between the company and the State was negotiated by career public employees of the DNR in full partnership with three excellent lawyers from Attorney General Jim Doyle's Department of Justice. There were no games here, just a major fair and equitable environmental settlement."

Sincerely, George E. Meyer, Secretary, Department of Natural Resources.