

NEW YORK POST

POLS MOVE ON 9/11 \$1B HELD 'CAPTIVE'

By SUSAN EDELMAN

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August 5, 2007 -- Following a Post investigation that revealed how a \$1 billion insurance fund for the World Trade Center cleanup has spent tens of millions on overhead and lawyers while paying a pittance to injured 9/11 recovery workers, two powerful U.S. senators are demanding answers.

Citing "serious concerns," Patrick Leahy (D-Vt.) and Arlen Specter (R-Pa.), the chairman and ranking member, respectively, of the Senate Judiciary Committee, have threatened to hold hearings on the city-governed WTC Captive Insurance Co. unless they are satisfied with answers on how it has managed the \$1 billion in federal 9/11 aid.

According to new records obtained last week, the WTC Captive has spent more than \$88 million on administrative and legal bills since it began operating in 2004. That total includes more than \$53 million spent on high-powered law firms.

More than 8,600 rescue and recovery workers have filed claims against the city or its contractors - most with illnesses blamed on exposure.

The Captive has paid out a total of \$300,000 to six workers - all for "slip-and-fall construction accidents with alleged orthopedic injuries," new records show.

"It is our understanding that, to date, not a single worker has been compensated for exposure to harmful substances now known to have been in the air at that time," Leahy and Specter said in a letter to Christine LaSala, president and CEO of the Captive.

The letter refers to "hundreds of thousands of dollars [spent] on salaries for administrators," such as LaSala's \$350,000 annual salary plus benefits first revealed by The Post.

"We are interested in learning how and when the 9/11 cleanup volunteers and workers will receive the \$1 billion in taxpayer money Congress appropriated for their injuries," the senators say, adding they may call for a hearing in September.

Michael Cardozo, New York City's corporation counsel, said in a statement that the Captive "is an insurance company, not a compensation fund."

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The company "is obligated to defend all claims that have a reasonable and valid defense," Cardozo said.

The city has refused to settle with ill workers, while insisting in court that it has immunity from all lawsuits because it was responding to a terror attack.

"We would strongly welcome Congress, as we have repeatedly urged, to allocate funds for compensation without the need for litigation," Cardozo said.

Lawyers for some 10,000 WTC workers, David Worby and Marc Bern, went to Washington to urge Leahy and Specter to act.

"It was clear to everyone we met that something is terribly wrong with the way the Captive is being run,"
Worby said.

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