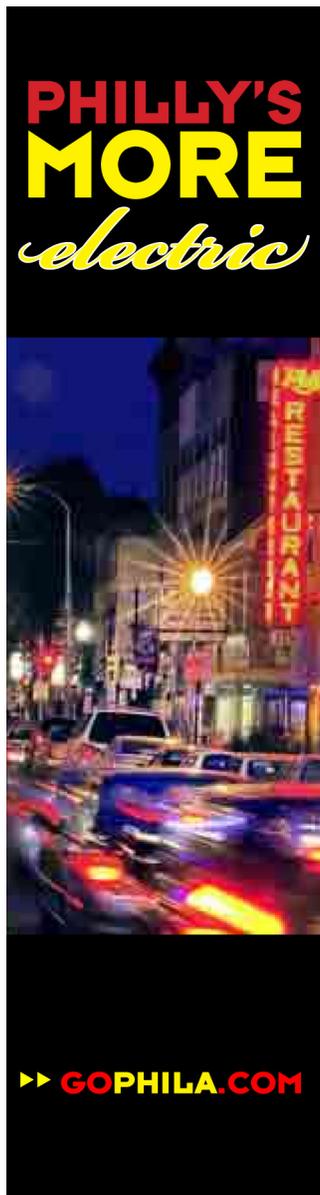


NEW YORK POST

WTC INSURE 'WASTE'

By SUSAN EDELMAN



July 17, 2007 -- The \$1 billion insurance fund set up for the World Trade Center cleanup has violated its congressional mandate to pay legitimate worker-injury claims and "squandered" millions on expenses, an explosive lawsuit is charging.

Controlled by Mayor Bloomberg, the WTC Captive Insurance Co. and its agents have "unethically profited" from the federal fund, draining money available for ill workers, alleges the suit, to be filed today in Manhattan Supreme Court.

The WTC insurance fund has spent close to \$74 million on overhead and legal bills so far - but paid just \$45,000 to one worker who fell off a ladder.

While letting the fund pay fat salaries and fees to its employees, consultants and lawyers, the mayor has wrongly exploited the unit to fight claims by thousands of workers with illnesses blamed on toxic exposure, the suit says.

"Congress gave Bloomberg a billion dollars to cover for the mistakes he and his predecessor, Mayor Giuliani, made in failing to protect tens of thousands of workers," lawyer David Worby said. "Now, adding insult to injury, he refuses to use the funds intended for that exact purpose - to help the sick and dying 9/11 heroes."

The suit will be filed by Worby Groner & Napoli Bern, a law firm already battling the city in a class-action negligence suit on behalf of nearly 10,000 ill WTC responders.

The plaintiffs in the new suit are former NYPD Detective John Walcott, who has leukemia, NYPD Detective Frank Maisano, who has severe lung disease, and Mary Bishop, a St. Vincent's Hospital worker with cancer, lung and digestive diseases.

"If it wasn't for the rescue workers and volunteers, our city would be in chaos," said Walcott, 42, whose daughter was an infant when he was diagnosed in 2003. "How can Mayor Bloomberg justify not releasing the funds Congress gave us when he could save lives and homes and families?"

Besides the fund and Bloomberg, the suit names the outfit's five-member board of directors - all appointed by Bloomberg - and Christine LaSala, the company's president and CEO.

LaSala rakes in a salary of \$350,000 a year, plus \$20,000 in health benefits.

Citing city records, the suit traces the firm back to its origin to prove its claim that Bloomberg has twisted its mission.

In May 2002, the city made a request to feds, saying "toxic chemicals emanating from the WTC debris site" made insurance "absolutely vital to protect the city and its contractors."

Congress appropriated \$1 billion through FEMA.

Then-Gov. George Pataki pushed a bill to create the nonprofit firm to manage the fund. "This legislation is

necessary for the city to expedite the payment of claims," Pataki and Giuliani said in a 2003 press release.

At a meeting in December 2004, minutes show, LaSala declared the firm's main purpose was to disburse the fund "in an equitable manner that maximizes compensation to those parties who suffered damages as a result of the WTC debris removal program."

Overall, the WTC fund has spent \$73.8 million as of March 31, including \$45.7 million on law firms, records show.

Much of the money has been poured into an ongoing court battle in which the city contends it has immunity from all WTC suits because it was responding to a terror attack.

Other expenses include \$8.5 million paid to GAB Robbins, a risk-management firm, for "claims adjusting." But the firm has done little adjusting, the suit says - WTC Captive Insurance has refused to review the medical records of sick workers.

LaSala has said the firm has a "duty to defend" the city and its WTC contractors, and has "faithfully followed its mandate."

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