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FOR IMMEDIATE RELEASE

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Asbestos in Libby

EPA Action Update #10

October 25, 2001

Access Lawsuit Settlement Requires W.R. Grace to Provide Community Health Benefits

Helena, MT – Federal agencies signed an agreement with W.R. Grace today resolving a lawsuit for W.R. Grace's failure to provide EPA with access to properties for cleanup. W.R. Grace agreed to provide additional health benefits to Libby, Montana, residents at a cost of \$2.75 million. W.R. Grace also agreed to a \$71,000 civil penalty claim as part of the settlement.

The U.S. EPA and the U.S. Department of Justice filed the lawsuit in September 2000, after W.R. Grace and their subsidiary, Kootenai Development Corporation, denied access to the properties. In March 2001, a federal judge in Montana ordered Grace and KDC to provide the access, but did not rule on an appropriate penalty. Today's agreement - lodged with the federal district court in Missoula, Montana - resolves that penalty issue. The settlement agreement must be approved by both the bankruptcy court in Delaware and the federal district court in Missoula, Montana, before it becomes final.

Grace will pay \$2.75 million into an escrow account for the health care program. The money will be administered by a local non-profit organization to be named by EPA and DOJ. Decisions regarding eligibility for care and spending priorities will be made by the designated non-profit organization. The new program will cover medical costs that are not covered under W.R. Grace's current health plan. Among these costs are x-rays and lung function tests for people who may have been exposed to Libby asbestos but are not diagnosed with symptoms of asbestos-related disease. This will encourage people to have periodic examinations even though the W. R. Grace plan will not cover the costs until asbestos-related disease is identified.

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“This agreement is good news for the people of Libby,” said Paul Peronard, EPA’s project manager. “It means that people who are at risk of developing or already suffering from asbestos-related illnesses will have more health care options available to them. The goal is to ensure that people who need treatment, be it preventative or aggressive medical attention, are getting the best possible care.”

Other benefits of the new program include long-term nursing home care for more than 60 days without a preceding three-day hospital stay and may include treatment and care for people who have asbestos-related illnesses that W.R. Grace does not currently recognize in their health plan.

In addition to the \$2.75 million, W.R. Grace agreed to a \$71,000 as a civil penalty claim for their refusal to provide access for the cleanup to proceed. The civil penalty will be paid in accordance with W.R. Grace’s pending bankruptcy proceeding.

EPA has been cleaning up asbestos in soils and other areas in and near Libby since May, 2000. Asbestos, a recognized human carcinogen, is known to cause lung cancer and mesothelioma, a lethal tumor of the lining of the chest and abdominal cavities. Soil containing asbestos or situations where people actively stir up asbestos fibers in their homes may continue to pose a health risk to Libby residents.

EPA and the Department of Justice filed a separate lawsuit against Grace seeking to recover past and projected future costs of the asbestos cleanup and related health assessment. This is a separate case that is not resolved by the settlement announced today.

The legal agreement documenting the settlement is available for review at the EPA information center in Libby. The Department of Justice will accept comments on the settlement for thirty days, from October 25, 2001 through November 26, 2001. Comments should refer to United States v. W.R. Grace & Co., Civil No. 00-167-M-DWM, and D.J. Ref. # 90-11-2-07106. Comments should be addressed to:

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