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Liaison Counsel for Plaintiffs

Honorable H. Russel Holland

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

In re:)
The EXXON VALDEZ) Case No. 3:89-cv-095 (HRH)
) (Consolidated)
)
)
THIS DOCUMENT RELATES TO)
ALL CASES)
)

DECLARATION OF LYNN LINCOLN SARKO IN SUPPORT OF LEAD
COUNSEL'S TENTH PUNITIVE DAMAGES APPLICATION FOR AN ORDER
DISTRIBUTING EXXON QUALIFIED SETTLEMENT FUNDS TO
CLAIMANTS IN VARIOUS CATEGORIES AND THEIR ATTORNEYS

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1 1. I am the Court-appointed Claims Administrator of the Exxon Qualified
2 Settlement Fund (hereinafter "EQSF") and the Alyeska Qualified Settlement Fund
3 (hereinafter "AQSF"). I make this declaration based on personal knowledge and am
4 competent to testify to the matters set forth herein.
5

6 2. The current application to distribute punitive damages covers (1) claimants in
7 any of the 51 claim categories that have a single payment which must be made to the IRS
8 and no other liens; and (2) claimants who have resolved impairments on their claims
9 since the last application.
10

11 3. As anticipated in my declaration in support of Lead Counsel's Ninth
12 Application, EQSF staff met with IRS representatives on January 15, 2010 to develop an
13 approach to this round of payments to claimants and to the IRS on their behalf. Through
14 this application, we are proposing to now pay approximately 3176 claims involving a
15 payment to the IRS, divided into three principal categories, as well as to pay 287 claims
16 without any outstanding impairments. The three categories involving the IRS are: (1)
17 claimants who have outstanding IRS levies; (2) claimants for whom we are required to do
18 mandatory backup withholding; and (3) claimants who have asked for voluntary
19 withholding of a portion of their recoveries.
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22 4. In the first category, approximately 874 claimants have an outstanding IRS
23 levy, but no other lien, levy or assignment. Of these claimants, approximately 709 will
24 require the entire amount of their claims to be paid to the IRS, and approximately 165
25

1 claimants require payment of part of their claims to the IRS (up to the amount of the
2 levy), and the balance to the claimant. To the extent that an amount needs to be paid by
3 the EQSF to the IRS, the EQSF has worked out a process acceptable to the IRS by which
4 individual checks on behalf of each claimant will be sent to the IRS. To the extent there
5 is a balance due to a particular claimant, a direct deposit or check in that amount will be
6 made in favor of the claimant.

8 5. The second category is composed of approximately 518 claimants for whom
9 mandatory backup withholding is required. These claimants fall within three subgroups:
10 (1) those who submitted a form to the EQSF indicating that their claims require
11 mandatory backup withholding; (2) those for whom the IRS has given us notice that
12 backup withholding is required; and (3) those whose claims are otherwise payable but
13 who have not submitted a current W-9 to the EQSF. For this latter sub-group, as has
14 been done in prior applications for distribution, the EQSF will treat them as if they
15 required mandatory backup withholding. For all three sub-categories, I will direct the
16 EQSF to withhold and remit 28% of the claim to the IRS, and the balance to the claimant.
17 For transfer of these amounts to the IRS, the EQSF has worked out a process acceptable
18 to the IRS by which we will use the IRS Electronic Funds Transfer Payment System
19 (EFTPS), and can make this remittance on behalf of this entire group of claimants with a
20 single transfer. The balance will be paid to the claimants, either by direct deposit or a
21 check.
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1 6. The third category is composed of approximately 510 claimants who signed up
2 for voluntary withholding, through which the EQSF has been asked to deduct a certain
3 percentage of any amount due the claimant and forward it to the IRS on behalf of the
4 claimant. As with the claims covered by subparagraph 5 above, the EQSF will use the
5 EFTPS for payment, and the balance will be paid to the claimants, either by direct deposit
6 or a check.

8 7. Calculations have now been concluded as well on pro per claimant Tom
9 Lakosh's various claims. Through this application, we proposed to distribute to Mr.
10 Lakosh his entitlement to remaining compensatory damages, and his share of punitive
11 damages principal and interest that has been so far distributed to other claimants. This
12 will not be a final distribution to Mr. Lakosh, as he is still entitled to receive a
13 distribution (as are other claimants) when the \$71.8 million recently received from Exxon
14 together with reserved funds are later distributed.

17 8. The gross dollar amount included in Exhibits A for Punitive Damages Principal is
18 \$2,418,966.79 for 474 claims.

19 9. The gross dollar amount included in Exhibit B for Punitive Damages Interest is
20 \$26,256,779.54 for Punitive Damages Interest for 2988 claims.

21 10. The gross dollar amount included in Exhibit C is \$3,393.06 for Tom Lakosh's
22 claims as a pro-per plaintiff.
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