

Who is Kenneth Feinberg?

Kenneth Feinberg and the victim compensation racket

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In seeking to slash the pensions of up to a million retired workers receiving benefits from multi-employer pension funds, the corporate and political establishment has once again turned to its go-to “fixer,” Kenneth Feinberg.

In the first step of this process, Feinberg has been given responsibility for overseeing the slashing of the pension benefits for 270,000 former truck drivers, warehouse workers and other transport employees—members of the Teamsters Central States pension fund.

Under rules established by the US Congress and signed into law by the Obama administration, Feinberg has the authority to impose pension cuts of up to 80 percent, even if retirees vote against the plan.

The anti-working class credentials of Feinberg have been established in a series of well-publicized cases, where the law professor has saved the government and US corporations billions of dollars by offering miserly payouts to victims of their criminality.

Feinberg specializes in presenting an air of compassion and fairness while ruthlessly imposing the interests of the government and big corporations. The appointment of Feinberg by the Obama administration to oversee pension cuts is only the latest instance where the ruling class has called on his services.

Recently, Feinberg oversaw a compensation fund for victims of the General Motors ignition switch scandal. The ignition switches of several low-end GM vehicles could be easily jarred out of the “run” position, killing power to the engine and disabling safety equipment such as airbags and power brakes. GM hid the defect for more than a decade, leading to the deaths of at least 169 people and the maiming of countless others.

To avoid costly lawsuits, the automaker set up a fund to pay off victims of its criminal negligence. In the end, Feinberg only approved death claims for 124 of 474 cases submitted. Overall, he rejected some 90 percent of all claims, saving GM countless millions. GM doled out just \$595.5 million, less than 7 percent of its 2015 profit of \$9.7 billion and a fraction of its potential liability.

Feinberg first came to public attention in the late 1970s when Massachusetts Senator Ted Kennedy made him chief of his Senate staff. He went on to establish two politically well-connected Washington law firms. As a specialist in “alternative dispute resolution” since the late 1980s, Feinberg has been involved in a series of high profile cases involving liability settlements.

The first prominent case that Feinberg handled involved a class action lawsuit brought by those maimed by the use of the chemical defoliant Agent Orange during the Vietnam war. The use of Agent Orange was one of the greatest war crimes coming out of the US involvement in Southeast Asia, killing and maiming hundreds of thousands. Victims sought compensation from chemical manufacturers Dow and Monsanto in a case that dragged on for years, to the great embarrassment of the US government. In the end, Feinberg settled the case for a total of \$180 million, a tiny fraction of the profits of Dow and Monsanto. Afflicted veterans were offered just \$1,200 in exchange for dropping their right to sue.

In 1988 Feinberg was appointed trustee for the trust fund to compensate women injured by the Dalkon Shield birth control device. It was established that the manufacturer, A.H. Robins, knew of the dangers to women’s health, but suppressed the information. In

exchange for giving up their right to sue, the victims got an average of just \$725. The deal saved the company millions and provided a bonanza for stockholders, who saw their shares skyrocket in value.

One of Feinberg's most well known cases came in 2001 with the September 11 attack on the World Trade Center. US Attorney General John Ashcroft appointed Feinberg to head up a Victim Compensation Fund aimed at forestalling lawsuits by family members. One of Feinberg's main tasks was to block the uncovering of revealing facts relating to the role of the US government military intelligence apparatus in failing to prevent, despite forewarning, the hijack-bombing in New York. Feinberg's rulings were non-negotiable. Acceptance of a settlement meant families could never sue the airlines over safety issues related to the hijackings.

The Obama administration called in Feinberg in the wake of the US government bailout of banks and corporations following the 2008 crash in an attempt to head off popular outrage over hefty executive compensation packages being paid out by corporations receiving government cash.

Feinberg did little more than rubber stamp multi-million dollar payouts for the executives. He retroactively approved \$1.6 billion in compensation to executives of bailed out financial institutions, declaring, "they didn't violate any regulations at the time." He went on to approve multi-million dollar pay packages for corporate executives averaging \$2.5 million, including \$9.5 million for GM CEO Michael Carpenter and \$6.2 million for GM CEO Christopher Liddell. The CEO of three-times bailed out insurance firm AIG got a \$4 million raise.

In another prominent case, oil giant BP hired Feinberg to oversee claims for the Deepwater Horizon oil disaster in the Gulf of Mexico. After killing 11 oil rig workers and devastating the Gulf Coast due to its criminal negligence, Feinberg saw that BP got away with paying just \$5 billion through its victims compensation fund, even though the company had originally set aside \$20 billion. This compares to a \$12.1 billion profit in 2014, \$13.4 billion in 2013 and \$26 billion in 2012.

Fishermen and others whose livelihoods were devastated by the BP oil spill complained bitterly about Feinberg's handling of their claims. Amounts paid out

were totally inadequate to cover the losses suffered, and in many cases denied with little explanation. According to one analysis, in 2011 the compensation fund had paid only 3 percent of business claims and 9 percent of personal claims.

Since then, Feinberg has handled a series of compensation settlements including the Aurora, Colorado theatre shooting, the Sandy Hook Elementary School tragedy, the VW emissions scandal, the Jerry Sandusky sex abuse scandal at Penn State University and the Boston Marathon bombing.

While Feinberg generally does not disclose what he is paid, the available information indicates his earnings are substantial. In the case of the Agent Orange settlement Feinberg got a reported \$800,000. When a public scandal forced the exposure of his financial stake in BP, the company revealed that it paid Feinberg's law firm \$1.25 million monthly to administer claims. In his work as "pay czar" for the US Treasury he received a reported \$120,830 annually.



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