

U.S. Department of
Homeland Security

**United States
Coast Guard**



Director
United States Coast Guard
National Pollution Funds Center

NPFC CA MS 7100
US COAST GUARD
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CERTIFIED MAIL – RETURN RECEIPT REQUESTED
Number: 7011 1570 0001 4802 7163

5890/DWHZ
Claim # N10036-1496
21 November 2011

Edward F. Cochran
[REDACTED]

Dear Ms. Cochran:

The National Pollution Funds Center (NPFC), in accordance with the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq. (OPA) and the associated regulations at 33 C.F.R. Part 136, denies payment on the claim number N10036-1496 involving Deepwater Horizon. Please see the attached Claim Summary/Determination Form for further explanation.

You may make a written request for reconsideration of this claim. The reconsideration must be received by the NPFC within 60 days of the date of this letter and must include the factual or legal basis of the request for reconsideration, providing any additional support for the claim. However, if you find that you will be unable to gather particular information within the time period, you may include a request for an extension of time for a specified duration with your reconsideration request.

Reconsideration of the denial will be based upon the information provided. A claim may be reconsidered only once. Disposition of that reconsideration in writing will constitute final agency action. Failure of the NPFC to issue a written decision within 90 days after receipt of a timely request for reconsideration shall, at the option of the claimant, be deemed final agency action. All correspondence should include claim number N10036-1496.

Mail reconsideration requests to:

Director (ca)
NPFC CA MS 7100
US COAST GUARD
4200 Wilson Blvd, Suite 1000
Arlington, VA 20598-7100

Sincerely,

Claims Adjudication Division
National Pollution Funds Center
U.S. Coast Guard

Enclosure: Claim Summary/Determination Form

CLAIM SUMMARY/DETERMINATION FORM

Claim Number	N10036-1496
Claimant	Edward F. Cochran
Type of Claimant	Private (US)
Type of Claim	Loss of Profits and Impairment of Earnings Capacity
Amount Requested	\$17,945.00

FACTS

On or about 20 April 2010, the Mobile Offshore Drilling Unit Deepwater Horizon (Deepwater Horizon) exploded and sank in the Gulf of Mexico. As a result of the explosion and sinking, oil was discharged. The Coast Guard designated the source of the discharge and identified BP as a responsible party (RP). BP accepted the designation and advertised its OPA claims process. On 23 August 2010, the Gulf Coast Claims Facility (GCCF) began accepting and adjudicating claims for certain individual and business claims on behalf of BP.

CLAIM AND CLAIMANT

On 11 October 2011, Edward F. Cochran (the Claimant) presented a claim to the Oil Spill Liability Trust Fund (OSLTF) for \$17,945.00 for loss of profits and impairment of earnings capacity resulting from the Deepwater Horizon oil spill.

The Claimant is a salesperson for Safeguard Alarms Systems, Inc. His sales territory includes Terrebone, Lafouche and Saint Mary parishes in Louisiana. He sells burglar alarms, fire alarms, CCTV systems and access control systems.¹ As a result he asserts his earnings began to show a decline starting in January 2011 due to the oil spill.²

APPLICABLE LAW

Under the Oil Pollution Act of 1990 (OPA), at 33 U.S.C. § 2702(a), responsible parties are liable for removal costs and damages resulting from the discharge of oil into or upon the navigable waters or adjoining shorelines or the exclusive economic zone, as described in Section 2702(b) of OPA.

The OSLTF which is administered by the NPFC, is available, pursuant to 33 U.S.C. § 2712(a)(4) and § 2713 and the OSLTF claims adjudication regulations at 33 C.F.R. Part 136, to pay claims for uncompensated damages. One type of damages available pursuant to 33 C.F.R. § 136.231 is a claim for loss of profits or impairment of earning capacity due to injury to or destruction of natural resources.

Under 33 C.F.R. § 136.233 a claimant must establish the following:

¹ Letter from Safeguard Alarm Systems, Inc. dated 31 August 2011 and 27 September 2011 signed by Rick Morales, President, concerning Claimant’s employment

² Letter from Claimant dated 30 October 2011 in response to NPFC letter requesting additional information

- (a) That real or personal property or natural resources have been injured, destroyed, or lost.
- (b) That the claimant's income was reduced as a consequence of injury to, destruction of, or loss of property or natural resources, and the amount of that reduction.
- (c) The amount of the claimant's profits or earnings in comparable periods and during the period when the claimed loss or impairment was suffered, as established by income tax returns, financial statements, and similar documents. In addition, comparative figures for profits or earnings for the same or similar activities outside of the area affected by the incident also must be established.
- (d) Whether alternative employment or business was available and undertaken and, if so, the amount of income received. All income that a claimant received as a result of the incident must be clearly indicated and any saved overhead and other normal expenses not incurred as a result of the incident must be established.

Under 33 C.F.R. § 136.105(a) and § 136.105(e)(6), the claimant bears the burden of providing to the NPFC, all evidence, information, and documentation deemed necessary by the Director, NPFC, to support the claim.

Under 33 C.F.R. § 136.235, the amount of compensation allowable for a claim involving loss of profits or impairment of earning capacity is limited to the actual net reduction or loss of earnings or profits suffered. Calculations for net reductions or losses must clearly reflect adjustments for—

- (a) All income resulting from the incident;
- (b) All income from alternative employment or business undertaken;
- (c) Potential income from alternative employment or business not undertaken, but reasonably available;
- (d) Any saved overhead or normal expenses not incurred as a result of the incident; and
- (e) State, local, and Federal taxes.

DETERMINATION OF LOSS

Claimant's Submission to the OSLTF

To support this claim, Claimant submitted the following documentation:

- OSLTF Claim Form signed by the Claimant 26 September 2011
- Letter from Safeguard Alarm Systems, Inc. dated 31 August 2011 and 27 September 2011 signed by Rick Morales, President, concerning Claimant's employment
- GCCF Denial Letter on Interim Payment/Final Payment Claim dated 21 September 2011
- Worksheets prepared by Claimant showing 2009, 2010 and 2011 Income by Month

- Yearly Earnings from 01 January to 31 December 2010 and 2011 from Safeguard Alarm Systems Inc.
- W-2 from Safeguard Alarms Systems for 2008, 2009 and 2010
- Form 1040 US Individual Income Tax Return for 2008, 2009 and 2010
- Letter from Claimant dated 30 October 2011 in response to NPFC letter requesting additional information
- Copies of Safeguard Alarm Systems Sales Agreements from April 2010 to August 2011 that total \$266,143.00

On 19 October 2011, the NPFC sent the Claimant a letter requesting additional information in order to further evaluate the claim. On 31 October 2011, the Claimant responded to the request.

Before presenting the claim to the NPFC, the Claimant filed an Interim Payment Claim (ICQ22011) with the GCCF.³ The claim was assigned Claimant ID #1621758 and claim #9353267. The Interim claim was denied on 30 April 2011 and 03 August 2011.⁴ Additionally, the Claimant filed a Re-Review of the claim with the GCCF. The Re-Review was denied on 21 September 2011.⁵

Based upon the evidence provided by the Claimant, it appears that the subject matter of the GCCF claims are the same as the subject matter of the claim before the NPFC, i.e., Claimant lost earnings as a result of the Deepwater Horizon oil spill. The NPFC has not been able to confirm the amount of the Interim claim as of the date of this determination. The NPFC deems the GCCF claims to be properly presented to the Responsible Party. To the extent the amount of the claims presented to the Responsible Party are equal to or greater than the amount currently presented to the NPFC, the subject claim is properly presented to the NPFC. Accordingly, this Claim Summary Determination for NPFC Claim N10036-1496 considers and addresses the loss of earnings up to the amount of \$17,945.00 for all claims presented to the Responsible Party, specifically: GCCF Claim #9353267 ICQ22011.

NPFC Determination

Under 33 U.S.C. § 2702(b)(2)(E) and 33 C.F.R. Part 136, a claimant must prove that any loss of income was due to injury or destruction or loss of real or personal property or a natural resource as a result of a discharge or substantial threat of a discharge of oil. Under 33 C.F.R. § 136.105(a) and § 136.105(e)(6), the claimant bears the burden of providing to the NPFC all evidence, information, and documentation deemed necessary by the Director, NPFC, to support the claim.

³ GCC On-Line Claim Status Report

⁴ GCCF Denial Letters dated 30 April 2011 and 03 August 2011

⁵ GCCF Denial Letter dated 21 September 2011

The Claimant did not provide convincing documentation that supports his alleged loss of earnings of \$17,945.00. The Claimant prepared worksheets comparing his monthly commissions for 17 months for April 2010 through August 2011.⁶ The worksheets were based on his pay checks from a Safeguard Alarm Systems Yearly Earnings Report.⁷ It takes about 1 to 2 months after an order is placed to install a system in existing structures.⁸ Yet the worksheet shows only a \$589.00 loss of earnings in 2010 following the oil spill.⁹

The Claimant provided documentation that did not show the Deepwater Horizon oil spill caused his loss of earnings. The Claimant submitted 55 copies of Safeguard Alarm System Sales Agreements for 28 April 2010 to 04 August 2011 that totaled \$266,143.00.¹⁰ Of these, 14 were dated in 2010 and 41 were dated in 2011.¹¹ The NPFC Adjuster attempted to contact 16 of the buyers to corroborate the claim. Of these, 14 buyers responded and 2 did not. Of the 14 that responded, 13 stated that their decisions to not use Safeguard Alarm Systems were not due to the Deepwater Horizon oil spill.¹²

This claim is denied because the Claimant failed to meet the burden to demonstrate (1) that there was an alleged loss in the amount claimed, and (2) that the alleged loss is due to the injury, destruction or loss of property or natural resources as a result of a discharge or substantial threat of a discharge of oil.

Claim Supervisor: *Claims Adjudication Division*

Date of Supervisor's Review: *21 November 2011*

Supervisor's Action: *Denial approved*

Supervisor's Comments:

⁶ Worksheets prepared by Claimant showing 2009, 2010 and 2011 Income by Month

⁷ Yearly Earnings from 01 January to 31 December 2010 and 2011 from Safeguard Alarm Systems Inc.

⁸ Based on conversation between Rick Morales, President of Safeguard Alarms Systems, and the NPFC Claims Adjuster 17 November 2011. Mr. Morales stated new building construction generally takes up to 12 months to installation and existing facilities takes up to 1 to 2 months.

⁹ Worksheets prepared by Claimant showing 2009, 2010 and 2011 Income by Month

¹⁰ Copies of Safeguard Alarm Systems Sales Agreements from April 2010 to August 2011 that total \$266,143.00

¹¹ Based on a count by the NPFC Claims Adjuster

¹² Telephone conversations between 14 potential customers and NPFC staff 16 and 17 November 2011.