

U.S. Department
of Homeland
Security

United States
Coast Guard



Director
United States Coast Guard
National Pollution Funds Center

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US COAST GUARD
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CERTIFIED MAIL – RETURN RECEIPT REQUESTED
Number: 7011 1570 0001 4802 7439

5890/DWHZ
Claim # N10036-1570
28 November 2011

Jerry Pappas
[REDACTED]

Dear Mr. Pappas:

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 N10036-1570 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 N10036-1570.

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	N10036-1570
Claimant	Jerry Pappas
Type of Claimant	Private (US)
Type of Claim	Loss of Profits and Impairment of Earnings Capacity
Amount Requested	\$650.50

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 18 November 2011, Jerry Pappas (the Claimant) presented a claim to the Oil Spill Liability Trust Fund (OSLTF) for \$650.50 for loss of profits and impairment of earnings capacity resulting from the Deepwater Horizon oil spill.

The Claimant placed a contract in 21 April 2010¹ to buy investment beach property in Fort Walton Beach, Florida.² The Claimant states that the oil spill affected rentals in the area and he cancelled his contract.³ The Claimant seeks reimbursement for the cost of the property inspection and bank fees for the financing.⁴

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:

- (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

¹ Release and Cancellation of Contract for Sale and Purchase signed 27 June 2010

² OSLTF Claim Form signed by Claimant 08 November 2011

³ Release and Cancellation of Contract for Sale and Purchase signed 27 June 2010

⁴ OSLTF Claim Form signed by Claimant 08 November 2011

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 and dated 08 November 2011
- Release and Cancellation of Contract for Sale and Purchase signed 27 June 2010
- Coastal Home Inspection Professional Services invoice dated 29 April 2010 for \$300.00
- Copy of Claimant's check dated 26 April 2010 to Coastal Home Inspection Professional Services invoice for \$300.00
- Consumer Finance Line of Credit Closeout Ticket for finance fees for \$350.50

Before presenting the claim to the NPFC, the Claimant filed an Emergency Advance Payment (EAP) with the GCCF. The claim was assigned Claimant ID #1090699 and claim #151259.⁵ The EAP claim was denied on 23 November 2010.⁶ Additionally, Claimant filed a Final Payment (FP) claim with the GCCF. The claim was assigned claim #9183194.⁷ The FP claim was denied on 30 April 2011.⁸

Based upon the evidence provided by the Claimant, it appears that the subject matter of the GCCF claims is 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 amounts of the claims 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 N10036-1570 considers and addresses the loss of earnings up to the amount of

⁵ GCCF On-Line Claim Status Report

⁶ GCCF Denial Letter dated 23 November 2011

⁷ GCCF On-Line Claim Status Report

⁸ GCCF Denial Letter dated 30 April 2011

\$650.50 for all claims presented to the Responsible Party, specifically: #151259 EAP and #9183194 FP.

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.

The Claimant cancelled his sales contract on property located in Fort Walton Beach, Florida,⁹ and seeks reimbursements for the cost of the property inspection and bank fees for the financing.¹⁰ This claim is denied because these costs are not OPA compensable as loss of earnings and profits under the Oil Pollution Act (OPA).

Claim Supervisor: *Claims Adjudication Division*

Date of Supervisor's Review: *28 November 2011*

Supervisor's Action: *Denial approved*

Supervisor's Comments:

⁹ Release and Cancellation of Contract for Sale and Purchase signed 27 June 2010

¹⁰ OSLTF Claim Form signed by Claimant 08 November 2011