

U.S. Department of
Homeland Security

**United States
Coast Guard**



Director
National Pollution Funds Center
United States Coast Guard

NPFC CA MS 7100
US COAST GUARD
4200 Wilson Blvd. Suite 1000
Arlington, VA 20598-7100
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5890/DWHZ
06 November 2013

Blue Deuce Haunts, LLC.
c/o Buras Law Firm, LLC
ATTN: Mr. Daniel E. Buras, Jr.
301 N. Columbia St.
Covington, LA 70433

Re: Claim Number: N10036-2001

Dear Mr. Buras:

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 N10036-2001 involving the Deepwater Horizon oil spill. 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 N10036-2001.

Mail reconsideration requests to:

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

Sincerely,

A handwritten signature in blue ink, appearing to be "D. J. ...", is written over the typed name of the Claims Adjudication Division.

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

Enclosure: Claim Summary/Determination

CLAIM SUMMARY/DETERMINATION FORM

Claim Number	N10036-2001
Claimant	Blue Deuce Haunts, LLC
Type of Claimant	Corporate
Type of Claim	Loss of Profits or Impairment of Earning Capacity
Amount Requested	\$578,744.63

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 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 certain individual and business claims on behalf of BP.

On 08 March 2012, the United States District Court, Eastern District of Louisiana issued a "Transition Order" (TO) limiting the GCCF's ability to accept, process, or pay claims except as provided in that order. The TO created a Transition Process (TP) to facilitate the transition of the claims process from the GCCF to a proposed Court Supervised Settlement Program (CSSP). The Court granted Preliminary Approval of the proposed settlement agreement on 02 May 2012, and the CSSP began processing claims on 04 June 2012.

CLAIM AND CLAIMANT

On 25 October 2013, Mr. Daniel Buras, Jr. presented a claim on behalf of his client, Blue Deuce Haunts, LLC. ("Claimant") to the Oil Spill Liability Trust Fund (OSLTF) seeking \$578,744.63 in loss of profits or impairment of earning capacity damages allegedly resulting from the Deepwater Horizon oil spill.¹

At the time of the oil spill, the Claimant operated a Halloween-themed haunted house in Mandeville, LA. The Claimant had been running a successful haunted house and decided to invest and expand its enterprise beginning in 2010. Though paperwork, financials, budgets and analyses were performed using 2009 and anticipated growth data for 2010 and 2011, the Claimant states that the haunted house did not meet the projected revenues and profits and as such, asserts the oil spill is the cause of not making projected profits.

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 water, adjoining shorelines, or the exclusive economic zone of the United States, as described in § 2702(b) of OPA.

The OSLTF is available to pay claims for uncompensated damages pursuant to 33 U.S.C. § 2712(a)(4) and § 2713 and the OSLTF claims adjudication regulations at 33 C.F.R. Part 136. 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 Optional OSLF Claim Form, 14 August 2013.

- (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; and
- (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.

Under 33 U.S.C. § 2712(f), payment of any claim or obligation by the Fund under OPA shall be subject to the United States Government acquiring, by subrogation, all rights of the claimant or State to recover from the responsible party.

DETERMINATION OF LOSS

Claimant's Submission to the NPFC

The Claimant submitted the following documentation in support of this claim:

- Claim Submission for the US District Court for the Eastern District of Louisiana;
- Signed Power of Attorney from Claimant and its legal representation;
- Internal Profit-Loss Statement for Claimant, August 2009—April 2012;
- 2012 Federal Form 1065 Return of Partnership Income for Claimant, Gross Income of \$1,273.00;
- Customer Mix Test Analysis internal data sheets;
- Internal Claim Reports for Claimant;
- Internal Expense Analysis sheets for Claimant;
- 2011 Federal Form 1065 of Partnership Income for Claimant, Gross Income of \$210,962.00;
- 2010 Federal Form 1065 of Partnership Income for Claimant, Gross Income of \$226,371.00;
- 14 May 2012 Gulf Coast Bank Statement for Claimant;
- State of Louisiana Articles of Organization for Claimant;
- 2011 W-9 TIN Request for Claimant;
- Affidavit of Russell Doussan;
- Co-Promotion Agreement RME Haunts, LLC and Claimant;

- 2010 Internal Sales Projections for Claimant;
- 2010 Internal Difference in Budget for Claimant;
- 2011 Internal Sales Projections for Claimant;
- 2010 Internal Budget Analysis for Claimant;
- 2010 Internal Profit/Loss Projection for Claimant;
- 2010-2011 Internal Difference in Budget Explanation for Claimant;
- 2011 Internal Profit/Loss Projection for Claimant;
- Email Correspondence between Claimant and investors/auditors/miscellaneous.

On 25 October 2013, the Claimant presented this claim to the NPFC, seeking \$578,744.63 in loss of profits or impairment of earning capacity. Although the Claimant includes a copy of the signed Client Authorization Form with its claim, it does not provide documentation that it was first presented to the RP and that the RP denied payment on this claim. However, the NPFC will adjudicate the claim to the extent that presentment requirements have been satisfied. If any damages subject of this claim were not first presented to and denied by the RP, these damages are denied for improper presentment.²

Evidence in this claim submission indicates that the Claimant is a member of the Deepwater Horizon Economic and Property Damage Class Action Settlement (E&PD Settlement).³

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, destruction or loss of real or personal property or of 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 all evidence, information, and documentation deemed necessary by the Director, NPFC, to support the claim.

As an initial matter, it appears that the Claimant is a member of the E&PD Settlement Class. This claim is therefore considered to have been settled, and the Claimant is ineligible to recover funds from the OSLTF. According to OPA, the payment of any claim by the NPFC is subject to the NPFC's ability to obtain, by subrogation, the rights to recover all costs and damages from the responsible party. If a claim has been settled, the claimant no longer has rights to the claim and therefore cannot subrogate the NPFC to those rights.

While this claim may not have been quantified or paid, it is considered to have been settled by virtue of the Court's preliminary approval of the settlement agreement. If the Claimant disagrees that he is a member of the economic damages class of the E&PD Settlement, he should submit evidence to indicate that he has either opted out or is excluded from the E&PD Settlement in his request for reconsideration of this claim.

Furthermore, even if the Claimant was not included in the Settlement Class, this claim is denied on its merits. In order to prove a claim for loss of profits or impairment of earning capacity damages, a claimant must provide evidence sufficient to prove (1) that the claimant sustained a loss or reduction in income, and (2) that the loss was caused by damage to real or personal property or natural resources caused by the discharge of oil during the Deepwater Horizon oil spill.

The Claimant alleged that, as a result of the oil spill, it lost projected sales income for 2010 and 2011 because it did not meet its anticipated goals for each year. The amount of compensation potentially

² 33 C.F.R. § 136.103(c)(2).

³ At the time of the spill, the Claimant was located within Economic Settlement Zone C.

available to any claimant seeking loss of profits damages is limited to the "actual net reduction or loss of earnings or profits suffered."⁴ Speculative and/or future losses are therefore not compensable under OPA.

Upon reviewing the Claimant's financial documentation provided for 2010 through 2012 via its total income/loss as reported on its tax returns reported to the IRS indicates the following with respect to total income(loss):

2010: \$226,371.00
2011: \$210,962.00
2012: \$1,273.00

It is important to note that the Claimant incorporated this business in 2010. Prior to 2010, this business appears to have been operated for the first time in 2009 as a Limited Liability Corporation (LLC) and the Claimant did not provide the income tax return applicable to that year's income(loss) and as such, it is not clear whether or not any income(loss) from that year has even been reported to the IRS. Additionally, while the Claimant provided some tax returns and monthly income and expense sheets for 2009 - 2012, actual Profit and Loss Statements for 2009 through 2012 have not been produced which would evidence overall saved expenses during the loss period.⁵ Thus, the NPFC is unable to determine whether or not the alleged loss is the actual net reduction or loss of earnings.

Lastly, the Claimant has not provided evidence of how the oil spill has caused a loss of profits to a haunted house. The Claimant has also not provided the evidence to support such an allegation. It is important to note that the well was plugged in the Fall of 2010 and based on information provided, it is not clear how the oil caused losses the two years following the oil spill.

Based on the foregoing, this claim is denied because the Claimant has failed to provide evidence sufficient to prove (1) that it sustained a financial loss in the amount of \$578,744.63, or (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 discharge of oil. Additionally, this claim is considered to have been settled by virtue of the Claimant belonging to the E&PD Settlement and is therefore, not eligible for OSLTF compensation.


Claim Supervisor: *NPFC Claims Adjudication Division*

Date of Supervisor's Review: *11/6/13*

Supervisor's Action: *Denial approved*

Supervisor's Comments:

⁴ 33 C.F.R. § 136.235.

⁵ See 36 CFR 136.233 (d) A claimant must clearly indicate any saved overhead and other normal expenses not insured as a result of the incident.