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Velsicol, neighbors near deal

Landowners along creek may share $2M settlement

By Tom Charlier
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Property owners along a notoriously polluted creek in North Memphis could share nearly $2 million if a federal judge approves an agreement settling claims that contamination had diminished their land values.

The agreement between Velsicol Chemical Corp. and attorneys for landowners stems from a 2004 class-action lawsuit that originally sought $1.75 billion for personal injuries, including fear of contamination, in addition to property damage. The personal injury claims were dropped from the suit.

Under the settlement, Velsicol would pay a total of $2.1 million. After deductions of expenses and attorneys' fees, which would amount to less than 30 percent, the remaining money would be shared by owners of 195 properties along and near Cypress Creek, which during the 1950s and '60s was virtually an open sewer for industries that included Velsicol's plant at 1199 Warford.

The property-damage award for each tract is based mostly on a proportion of its 2006 appraised value as set by Shelby County. Most owners would get between $5,000 and $19,000 each.

The proposed award would settle the claims "without admission of liability or fault" by Velsicol, which dumped pesticide-laden wastes into the creek.

The agreement is subject to review periods in which comments are accepted and landowners can opt out. Eventually, it must be approved by U.S. Dist. Judge Bernice Donald.

The agreement is the result of negotiations that lasted a year, said Murray Wells, the Memphis attorney representing the landowners.

"We feel like we won," Wells said.

Gary Shockley, a Nashville attorney representing Rosemont, Ill.-based Velsicol, said the settlement is fair.

"It's a compromise by both sides," he said.

The lawsuit was one of at least three targeting Velsicol in recent years after residues of the dangerous pesticide dieldrin and related compounds were discovered in the soil of property along the creek. One suit was dismissed in January, and Velsicol hopes the other "will be resolved soon," Shockley said.

Velsicol last summer completed a cleanup of 18 of the most heavily contaminated properties along the creek. The remaining tracts had contamination levels below a threshold that would have posed a health threat, according to state officials.

Despite claims in some of the lawsuits, a study by the Health Department failed to link the pollution with any health problems experienced by residents living near the creek.

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