

Montco Fire Class Action Settles for \$35 Million



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A \$35 million Montgomery County settlement was reached this week over a fire that demolished a business center after an almost three month process of trying and settling a case with more than 100 claimants and 16 defendants.

The final defendant, Universal Electrical Service Co., of Souderton, Pa., settled Wednesday in *In re Bridgeport Fire Litigation* after the 12-member jury deliberated for five hours, according to attorneys involved in the case.

The case was initially set for trial Feb. 4, but 14 of 16 defendants settled before the trial started, attorneys said in interviews Thursday. But it took several more weeks to argue 80 motions related to those settlements. When the trial finally started against Universal Electrical and codefendant Challenger Electric Inc. of Fort Lauderdale, Fla., it took five weeks to try the case. Challenger Electric settled a couple of weeks into the trial before it had presented its case, said defense attorney Neal R. Brendel of K&L Gates in Pittsburgh.

Much of the Continental Business Center at Front and Ford streets in Bridgeport, Montgomery County, was destroyed following a May 15, 2001, fire, according to court papers. A class action was brought by 62 business owners, nearby homeowners, business patrons and employees whose properties were destroyed in the fire alleging negligence by the business centers' owners and other defendants.

The case was heard in front of Montgomery Common Pleas Judge Steven T. O'Neill.

At least 500 firefighters from 60 fire departments were needed to put out the fire, according to the plaintiffs' news release.

Plaintiffs argued that the fire was caused because of an electric arc from a circuit breaker panel that hadn't been repaired following flooding of the business center in 1999 and on which the cover had been removed, according to the plaintiffs' pretrial memorandum and interviews with attorneys. The Schuylkill River overflowed its banks following the remnants of Hurricane Floyd, flooding the business center. The plaintiffs argued that one of the circuit breakers in Unit C-158 of the business center became corroded from the floodwater and was never replaced. Electric arcing from the circuit breaker led to the fire, the plaintiffs argued.

The plaintiffs also argued that Universal Electrical, an industrial electrical contractor, failed to advise the tenant who hired Universal Electrical to repair flood damages that flood-damaged circuit breakers needed to be replaced, according to the plaintiffs' pretrial memorandum.

The Universal Electrical defense argued that the statute of limitations against it had run out; that it was not liable for the fire because it was not hired to do any repairs in the unit where the fire started; and that the plaintiffs did not prove the fire started in the electric circuit breaker panel, said Anthony R. Sherr of Mayers Mennies & Sherr in Blue Bell, Universal Electrical's defense attorney.

Universal Electrical contributed \$1 million to the \$35 million settlement, according to interviews with attorneys.

The plaintiffs argued that Challenger Electric, the maker of the electrical box out of which the fire allegedly started, failed to warn that electrical panels exposed to water must be replaced, according to the plaintiffs' pretrial memorandum. Challenger argued that the fire was of unknown origin, Brendel said. Challenger settled for \$4 million, according to interviews with attorneys.

The plaintiffs argued that the owners and operators of the business center - the Bushar Corp., Charles Bushar III and Laurretta V. Bushar - were liable for negligent maintenance of the business center and failing to fix the flood damage to the electrical panel box, according to the pretrial memorandum. The Bushar defendants contributed \$9 million of the \$35 million total, according to [Shanin Specter](#) of Kline & Specter, the lead plaintiff counsel in the case. Bushar defense attorneys Harry Mahoney and Carla Maresca of Deasey Mahoney & Bender were both out of the office Thursday.

In addition to the other defendants - Royal Bank of Pennsylvania, Erie Insurance Exchange, Factory Mutual Insurance Co. and the tenants occupying the unit where the fire started - who were also part of the \$35 million settlement, other defendants were dismissed by stipulation or by summary judgment.

"I'm very pleased with the result," said Specter. "Our experts testified the damages sustained by the class members were between \$30 [million] and \$41 million, which was hotly contested by the defendants. The defendant experts' reports placed the damages at closer to \$10 [million] to \$12 million so a settlement of \$35 million should be a big boost to help the people who lost their property and their businesses in this fire." David L. Hopkins of King of Prussia was the plaintiffs' economics expert.

Although Sherr's client was the last defendant standing, he said he was very pleased with the outcome of the case. Sherr said the \$1 million settlement was the amount his client had extended to the plaintiffs in an offer before the trial. The case settled after the jury came back after deliberating for five hours, asked what would happen if they couldn't reach consensus, and the judge told the jury to go back to work, Sherr and Specter said.

"It was a unique experience given the ultimate amount of exposure to my client and the fact that all of the settling defendants were bound by agreement to cooperate with plaintiffs in the prosecution of the claim against me," Sherr said. The settlement also extinguished Universal Electrical's cross-claim against the other defendants, he said.

"It was an incredible experience. I got to work with some of the best trial lawyers in the city. It was terribly long, but it was a very rewarding experience," said Richard Sokorai of High Swartz Roberts & Seidel, a plaintiffs attorney who was co-counsel on the case.

Sokorai predicted that the coffee sales in the courthouse cafeteria would go down now that the lawyer traffic generated by the Bridgeport fire case is over. Two technology firms wired the courtroom to provide computer access to the sizeable group of lawyers throughout the proceedings.

Defense attorneys went as a group to eat at the Montgomery Bar Association's dining facilities every day, while the plaintiffs attorneys decamped to Sokorai's firm for lunch, according to interviews.

Specter marveled that the trial phase of the case started when it was snowing and now it is 80 degrees out.

"I actually found it very enjoyable, we had a number of very fine attorneys in the room," Brendel said. "The judge did a very fine job dealing with a complex situation with a lot of difficult rulings. Mr. Specter is a very worthy and able advocate. He was a very honorable opponent. It was a pleasure to try a case before a very knowledgeable jury. We had a very well-educated and attentive panel."

Representative plaintiffs included Professional Flooring, a carpeting and flooring sales and installation business, Limerick, another carpeting and flooring sales and installation business, Rose Line, a fabric sales and services business, Salmons, a precision switch and metal stamping manufacturer, PPI, a pharmaceutical industry service business and Renu, a computer sales company.

Other plaintiffs' attorneys included [Jason L. Pearlman](#), [Kila B. Baldwin](#) and [Robert F. Englert Jr.](#) of Kline & Specter and Paul Bartle of High Swartz Roberts & Seidel. O'Neill has preliminarily approved all 16 defendants' settlements, but a fairness hearing will be held sometime in June regarding final approval of the settlement, the attorneys said.