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PSU Agrees to Pay \$59.7 Mil. to Settle Sandusky Cases

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Of the Legal staff

Pennsylvania State University has agreed to pay \$59.7 million to settle 26 cases involving individuals who were allegedly sexually abused at the hands of Jerry Sandusky, a former assistant football coach at the school.

The announcement confirms what was reported over the summer by The Legal that the university settled with the majority of plaintiffs who said they had been abused by Sandusky. Sandusky was convicted in June 2012 on 45 of 48 counts of child sexual abuse.

According to an announcement from the university, 23 of the settlement agreements are signed and three have been agreed to in principle, with the final documentation expected to be completed in the next few weeks. The university also confirmed that it received a total of 32 claims from alleged victims, and said that some have been rejected as being without merit.

... While Penn State announced the number Monday, the university confirmed in July that its board approved tentative settlements with some of the claimants, but planned to hold off on announcing the number until it settled with everyone. More than 15 lawyers represented the plaintiffs.

All of the victims who testified against Sandusky in the criminal case negotiated with Penn State. The man known as Victim 2, who Mike

McQueary, a former assistant coach, said he saw Sandusky molest in a shower in 2001, also negotiated with the university. Others, including a man named Travis Weaver, who went public after testimony closed in Sandusky's trial, and Matt Sandusky, Sandusky's adopted son, sought settlements with Penn State as well.

It is The Legal's policy not to publish names of victims, except in cases where they themselves have made a public statement out of court.

In August, Michael K. Rozen of Feinberg Rozen in Washington, D.C., and New York told The Legal that the claims could be divided into three tiers for determining value.

According to Rozen, the highest-valued category encompassed claims alleging abuse after February 2001, when McQueary reported to Penn State officials that he witnessed Sandusky raping Victim 2 in a university locker room shower. The second-highest category encompassed those claims that fell between 1998, when allegations of abuse by Sandusky were investigated but ultimately dropped, and the McQueary incident, Rozen said. The lowest category, meanwhile, included those claims that came before the 1998 investigation, according to Rozen, who did not immediately return a call for comment Monday.

Penn State has also been battling its primary insurance carrier, Pennsylvania Manufacturers' Association Insurance Co., over coverage during the relevant

time period. The litigation is over the extent to which PMA has to cover Penn State in both defense costs and damages payouts. The insurance case came just months after Sandusky and two former Penn State administrators were criminally charged and as civil claims against the university by Sandusky's accusers came to be seen as increasingly likely. A third administrator has since been criminally charged in connection with the Sandusky scandal.

Thomas Kline, who represented a man known as Victim 5, noted that Penn State's stated goal was to settle all the meritorious claims, and lauded the university for nearly reaching this goal.

Penn State has "settled nearly 90 percent of cases they believed had some merit, and with the right to proceed against its insurer and [Sandusky's former and now-closed charity] Second Mile for reimbursement and contribution. They have liquidated what appears to be 90 percent of their exposure," he said. "That's a significant accomplishment in terms of finalization of it, and it should be recognized as a significant accomplishment."