

\$250 Million Settlement Over Asbestos Is Announced

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WASHINGTON — W. R. Grace & Company, a worldwide chemical company driven into bankruptcy by hundreds of millions of dollars in asbestos poisoning claims, has agreed to pay the federal government \$250 million for environmental cleanup around its mining operations in Libby, Mont.

The Department of Justice and the Environmental Protection Agency announced the settlement on Tuesday. In a news release, they called it the largest payment ever ordered under the federal Superfund program.

The settlement requires the approval of a federal judge overseeing the company's bankruptcy proceedings and does not resolve a separate criminal case in Montana also arising from Grace's alleged asbestos contamination of Libby, a small community in the northwestern part of the state.

A Grace spokesman, Greg Euston, said the company was pleased with the settlement but that he could not comment further on orders of the judge in the criminal matter. The E.P.A. referred questions to the Justice Department, which did not respond to inquiries.

Andrew Ames, a Justice Department spokesman, said Tuesday night that the department could not comment on the settlement because of the continuing criminal case.

In February 2005, federal prosecutors charged W. R. Grace and seven senior employees with knowingly exposing miners and residents in Libby to asbestos. More than 1,200 people became ill, and some died, prosecutors said.

An extensive cleanup operation has been under way in and near Libby since May 2000. The company filed for bankruptcy protection in 2001. In 2003, a federal court in Montana ordered it to pay the environmental agency \$54 million for investigation and cleanup costs incurred to that point, but the money has not been paid because of the bankruptcy proceeding.

The settlement announced on Tuesday takes account of that payment and directs that future payments be directed to a special E.P.A. account to be used to clean schools, homes and businesses in Libby that are contaminated with carcinogenic asbestos dust.

The material came from a vermiculite mine and processing plant the company operated in and near Libby from 1963 to 1990. The vermiculite, which is used in insulation and other building materials, was contaminated with high levels of asbestos.

Asbestos is known to cause lung cancer and mesothelioma, a fatal tumor of the lining of the chest and abdomen. Exposure to asbestos also causes scarring of lung tissue.