ty for The New York Times

epartment, John
for the authority,

Harbor

e civil suits asked
ire the bankruptcy
e penalties on the

nd Borough Presi-
inari, said the the
ed his borough.
k, president of the
s, said he did not
e in running the two
pressed surprise at
ery old news."
ld the legal action
y Mr. Molinari, a
tative. "It's a suit
in New Jersey."

Company Settles Lawsuit Over Exposure to Dioxin

Diamond Shamrock Will Pay $1 Million

By JOSEPH F. SULLIVAN
Special to The New York Times

NEWARK, Jan. 24 — The Diamond Shamrock Company, which for years has fought claims that it recklessly endangered the health of workers and residents near a former herbicide plant by exposing them to dioxin, has agreed to a $1 million settlement.

The settlement came unexpectedly Thursday during the seventh week of a trial before Judge Leo Yanoff of Superior Court. Lawyers for the company and for 72 plaintiffs, including residents of the area, families of former workers and contractors who worked at the site, said they were satisfied with the settlement, even though the case fell short of proving a link between dioxin and health problems among the workers.

In reaching the settlement, Diamond Shamrock did not admit to any liability.

"We feel very good" about the outcome, said George McCarter, a lawyer for the company. He said that Melvin Belli, whose law firm was part of the team that represented the plaintiffs, "had demanded $84 million in damages in 1988, so you can draw your own conclusions about how we feel."

Rulings Against Plaintiffs

Michael Gordon, one of the lawyers representing the plaintiffs, called the agreement "a decent settlement." He said the settlement was accepted in part because Judge Yanoff barred lawsuits against Diamond Shamrock by workers who had shared in a $1.6 million settlement against a doctor who had treated them.

But Mr. Gordon said he "was disappointed" that Judge Yanoff had said that he would bar the jury from considering punitive damages against the company if the plaintiffs had won.

Mr. McCarter said that although 72 plaintiffs were left in the case at its close, about 100 people will share in the settlement. Some workers who still had appeals pending in the courts will receive part of the settlement in return for agreeing not to press their claims.

The dioxin contamination was a byproduct of Agent Orange, a defoliant used in Vietnam that was manufactured at the Diamond Alkali plant in Newark from 1951 to 1969. The company later merged with the Shamrock Oil and Gas Company to form Diamond Shamrock, which is now the Maxus Energy Corporation

When dioxin contamination was found at the site of the former plant at 80 Lister Street in the city's industrial Ironbound section in 1983, Gov. Thomas H. Kean declared a state of emergency and visited the area to calm residents' fears.

But those fears lingered, and later intensified after workers in protective suits began digging up contaminated soil and vacuuming dirt from gutters and around storm drains. Residents also became concerned over reports that during the 1960's, some plant workers had been treated at the University of Medicine and Dentistry of New Jersey for chloracne, a skin rash associated with dioxin.

Dioxin levels of up to 51,000 parts per billion were found at the site. At the time, the Federal Environmental Protection Agency had established one part per billion as a safe level of

The lingering effects of contamination in Newark are debated.

dioxin contamination in soil. Exposure to anything higher over a lifetime could lead to one cancer death per million population, according to the agency.

The issue of dioxin's toxicity is being re-examined by the agency in the wake of claims by some experts that exposure to low levels of the chemical is not nearly as dangerous as once believed.

Plan to Bury Barrels

Although no link was established between dioxin and the workers' health problems, Mr. Gordon said that he was able to prove that the "company knew about the dangers of dioxin in 1957 and what it could do to eliminate it from the manufacturing process and it did nothing about it."

"And if it's so safe," he asked, "why has the company said the contaminated soil that is contained in 900 barrels still sitting on the site can't be moved anywhere in the world?"

The state plans to bury the barrels and build a slurry wall around the site to prevent the chemical from leach-