

<b>Route 104 &amp; Rte. 21 Dev., Inc. v Chevron U.S.A. Inc.</b>
2010 NY Slip Op 32523(U)
September 15, 2010
Supreme Court, Wayne County
Docket Number: 55873/2005
Judge: John B. Nesbitt
Republished from New York State Unified Court System's E-Courts Service. Search E-Courts ( <a href="http://www.nycourts.gov/ecourts">http://www.nycourts.gov/ecourts</a> ) for any additional information on this case.
This opinion is uncorrected and not selected for official publication.

STATE OF NEW YORK  
SUPREME COURT COUNTY OF WAYNE

ROUTE 104 & ROUTE 21 DEVELOPMENT, INC.,  
Plaintiff,

-vs-

*Index No. 55873*  
2005

CHEVRON U.S.A. INC., E & V ENERGY CORP.,  
DAVID VAN LIERE, WILLIAM J. ALLEN JR.,  
and TRAVELERS INSURANCE COMPANY  
Defendants,

- 
- APPEARANCES:** Knauf Shaw LLP  
*(Alan J. Knauf, Esq., of counsel)*  
Attorneys for Plaintiffs
- Woods Oviatt Gilman LLP  
*(Beryl Nusbaum, Esq. and Greta K. Kolcon, Esq., of counsel)*  
Attorneys for Defendant Chevron USA
- Riehlman Shafer and Shafer  
*(Jan G. Kuppermann, Esq., of counsel)*  
Attorneys for Defendant E&V Energy
- Hiscock & Barclay, LL  
*(Thomas F. Walsh, Esq. and Amy K. Kendall, Esq., of counsel)*  
Attorneys for Defendant David Van Liere
- Jones & Morris  
*(Michael A. Jones, Jr., Esq., of counsel)*  
Attorneys for Defendant David Van Liere
- David M. Kaplan, Esq.  
Attorney for Defendant William J. Allen Jr.
- O'Connor, O'Connor, Bresee & First, P.C.  
*(Dianne C. Bresee, Esq., of counsel)*  
Attorneys for Defendant Travelers

## MEMORANDUM - DECISION

John B. Nesbitt, J.

### I. INTRODUCTION.

The plaintiff in this litigation is a domestic corporation with offices in Onondaga County, New York. In April 2003, it purchased some real property adjoining the northwest corner of State Routes 104 and 21 in the Town of Williamson, New York, and constructed a big-box style retail drug store (Rite Aid *nee* Eckert) on the property.<sup>1</sup> Later that year in September, plaintiff conveyed the property with new improvements to a non-party. During its ownership of the property, and conjoined with its development project, plaintiff remedied subsurface oil and gasoline contamination discovered prior to its purchase of the property. Plaintiff now seeks to recover the costs of that remediation from the defendants based upon statutory and common law causes of action..

### II. BACKGROUND.

At the outset, it is useful to identify the parties to this action and the nature of the claims made by or against them. The plaintiff, as indicated above, is a former owner and developer of certain real property located at the northwest corner of State Routes 104 and 21 in the Town of Williamson (*herein the "site"*). Plaintiff commenced this action in September 2004, by filing and service of a Summons and Complaint seeking compensatory damages and attorney fees based upon costs incurred in the investigation, cleanup, and removal of site contamination caused by petroleum discharges occurring during site ownership, operation, or control by defendants Chevron U.S.A., Inc. (*herein "Chevron"*), E. and V. Energy Corporation (*herein "E&V"*), and William J. Allen (*herein "Allen"*).<sup>2</sup>

---

<sup>1</sup>Plaintiff apparently bought five adjoining properties as the site for an Eckert Pharmacy. Only one of the five is the subject of this litigation, that being 4053 Route 104. See David M Kaplan Affirmation, dated March 2, 2009, at p.2 n. 1) (hereinafter Kaplan Affirmation).

<sup>2</sup> As the caption indicates, David Van Liere is a named defendant and described in the complaint as a party liable for the petroleum discharges at the site.

From the early 1950's until 1988 a portion of the site hosted a locally owned and operated gasoline station.<sup>3</sup> Up until 1978, the site was known as a Gulf station, although Gulf Oil Corporation neither owned nor conducted retail operations at the site. Gulf's involvement was (1) wholesale supplier of Gulf-branded gasoline, (2) provider of financing to the station's owner/operator, and (3) from 1970 to 1978 owner of the site's underground storage tanks (UST's) for dispensing of petroleum product. In 1970, the station's existing UST's were removed and replaced with a new UST system paid for and owned by Gulf until June 26, 1978, when ownership of that system was acquired by a local petroleum jobber - Engelson & Van Liere, Inc.<sup>4</sup> Earlier that same month, ownership of the site *sans* UST's was acquired by William J. Allen, who continued the station's operation until its closure in 1988.

As contract vendee of the site, plaintiff engaged GeoQuest Environmental, Inc. (*GeoQuest*), a consulting firm, for a two phase environmental assessment, completion of the first phase documented in report dated November 29, 2002. This first phase report identified a number of environmental concerns, particularly the potential contamination resulting from "historic use of this property as a Gulf Gasoline Station and associated bulk petroleum storage." The second phase report issued in March 2003, which analyzed data from field investigations conducted the previous month, consisting of nine subsurface borings seven to twelve feet deep with soil samples collected at four foot intervals, these holes later converted to groundwater monitoring wells. The most significant findings that emerged from the subsurface investigation related to the former Gulf service station.<sup>5</sup> The report found at this location "source area petroleum impacted soil and groundwater that require

---

<sup>3</sup> The section of NYS Route 104 adjoining the site was constructed soon after World War II between 1947 and 1951. One may assume that the gasoline station was built then or shortly thereafter to take advantage of the opening of this new state highway.

<sup>4</sup> See Affidavit of Jane G Kuppermann, sworn to March 10, 2009 (hereinafter "Kuppermann Aff."), Exhibit H at p.46. Exhibit H is a transcript of the deposition of Paul C. Linderfelser, a DEC employee in 1981, assigned to assist in the investigation and management of reported gasoline contamination at the site. As part of his investigation, Mr. Linderfelser learned that underground gasoline tanks had been replaced in 1970 with two four thousand gallon tanks and one six thousand gallon tank.

<sup>5</sup> This property is identified in the March 2003 GeoQuest Phase II Report as the 4053 Route 104 Williamson Garage & Service, Inc. Property.

remediation” (Stephen J. DeMeo Affidavit p. 2 ¶6, Exhibit A at p. 9). The contamination likely resulted, said the report, from “the historical use of this property for bulk petroleum storage (gasoline station) ...” (Id.) The report recommended preparation of a Remedial Action Plan (RAP) that would secure approval of the New York State Department of Environmental Conservation (NYSDEC).<sup>6</sup>

A RAP was prepared by GeoQuest, submitted to and approved by the NYSDEC on March 24, 2003. Plaintiff then completed its purchase of the site by deed dated March 31, and recorded April 3, 2003. The RAP proposed site remediation by means of “petroleum contaminated soil removal with limited groundwater extraction and off-site disposal,” which was consistent with the recommendation made earlier in the Phase II ESA:

“Soil and groundwater remediation is required by NYSDEC to inactivate this petroleum spill. Excavation of petroleum impacted soil with off-site disposal is a technical remedial alternative that is recommended. Petroleum impacted groundwater is anticipated within the excavation area due to the shallow groundwater depth of approximately 2 feet below ground surface. Therefore, a groundwater extraction by means of pumping ground water with offsite disposal is also recommended in conjunction with soil removal activities ... The depth of the proposed soil removal excavation would likely average approximately 10 feet below the ground surface within this area. We anticipate that the bottom of the excavation will extend to or slightly into the Glacial Till deposit. ... The estimated petroleum impacted area presented on Figure 2 represents approximately the area of petroleum impacted soil and groundwater that requires remediation” (DeMeo Affidavit Exhibit A).<sup>7</sup>

The work called for under the remediation plan commenced early April 2003 and was completed mid-summer, as reflected in the July 2003 Soil and Groundwater Remediation Report prepared by GeoQuest (DeMeo Aff. Ex. D). This report recited that the mapped excavation area indicated approximately 1,911 cubic yards of petroleum contaminated soil (PCS) requiring extraction and off-site disposal. And, in fact, this fairly represents what happened. Said the report:

The area of PCS that was excavated contained soil and groundwater at concentrations that exceed NYSDEC TAGM 4046 Guidance Values and NYS groundwater

---

<sup>6</sup> The GeoQuest project manager, Stephen DeMeo, notified NYSDEC by telephone on February 28, 2003 of the petroleum contamination indicated by the samples yielded from the borings and wells (Id. at p. 2 ¶9, Exhibit B)

<sup>7</sup> Figure 2 is drawing entitled “Proposed Excavation Plan” attached to the Phase II report.

standards. The area of PCS excavation presented on Figure 2 was excavated to an average depth of approximately ten feet below ground surface. The depth of the PCS excavation ranged from approximately 8 feet near the west end of the excavation to approximately 13 feet at the east end of the excavation. A sump pump was installed near the west end of the excavation to control and remove petroleum contaminated groundwater. This sump was converted to Extraction Well - West during backfill activities. The length of the PCS excavation was approximately 140 ft. and the width was approximately 65 ft.

... The PCS excavation revealed electric conduit and fuel lateral transfer lines (steel pipe) that extended from the former Williamson Garage & Service Station Building towards the eastern portion of the PCS excavation. The electric conduit and fuel transfer lines ended near what appeared to be a former underground storage tank (UST) field location. The approximate location of the former UST field is near Extraction Well - East on Figure 2. The apparent former UST field was an area of sand and gravel fill soil that was approximately 40 feet by 30 feet by 10 feet in size. A sump pump was installed in the apparent former UST field location during the excavation activities to remove petroleum contaminated groundwater. This sump pump was installed in the apparent former UST field location during the excavation activities to remove petroleum contaminated groundwater. This sump was converted into Extraction Well-East during backfilling activities. (DeMeo Aff. Ex. D, p.2).

After completion of the remediation, this report was forwarded to the NYSDEC, which issued its July 18, 2003 letter to the plaintiff indicating satisfaction with the remediation efforts.<sup>8</sup> Plaintiff claims the direct and consequent costs of this remediation project cost it over a quarter of a million dollars.<sup>9</sup> Plaintiff in this action seeks to recover these costs and expenses from defendants,

---

<sup>8</sup> Specifically, the letter stated that,

“[b]ased upon the work conducted at the site and the information contained in the aforementioned [Soil and Groundwater Remediation] Report, this office does not require further remedial action at this time. This spill has been removed from the Department’s active files. However, be aware that this ruling does not preclude reactivation of this case should new information become available and/or an impact to receptors be discovered in the future.” (Kane Aff. ¶2, Ex. A).

<sup>9</sup>By Affidavit sworn to April 28, 2009, Joseph P. Kane, Vice President of Westlake Holdings, Inc., the sole member of plaintiff Route 104 & Route 21 Development, Inc., details the costs and expenses claimed as direct and consequential damages caused by environmental contamination of the site. He states that \$199,169.30 was paid to various contractors to clean up the contamination, \$31,629.10 to GeoQuest for environmental investigations and consulting, and \$22,095 to Westlake

together with the attorney fees, litigation costs and disbursements, associated with bringing this action.

The 2002 and 2003 site investigations identified existing site contamination and efficacious means of remediation to allow plaintiff's development plans to proceed and satisfy its lender.<sup>10</sup> Their purpose was not to indicate the source or sources of contamination, and in fact, the reports did not do so, except to report anecdotal evidence of the use of the site as a gasoline station. And, in fact, little, if anything, in these reports indicates what was the source of the contamination, much less the identity of the polluters, except to the note that the presence of the subsequently extracted subsurface gasoline, both free and soil saturant, most likely stemmed from the then discontinued gasoline station operations.

### **III. Contamination Source Identification.**

Economics drives the present investigation into the sources of contamination and identities of the responsible polluters, for without such findings, the plaintiff - a non-polluting party - is left bearing the entire cost of clean-up. Because of substantial costs involved in remediation, potentially responsible parties lack economic motivation to document data or events that may later impose liability. Thus, it should not be surprising that the paper trail in these types of cases may be both thin in content and totally absent for certain periods of time. Certain factual propositions ostensibly reasonable and apparently assumed by the parties assist in narrowing the focus in this case. First, we start with the enthymematic premise that the condition discovered and remediated by the plaintiff could not under any circumstance have been caused by naturally occurring forces or conditions. Second, the contamination must have been caused or come about by some factor or confluence of factors created, directed, or influenced by human agency. Third, there is no suggestion that the

---

Development, Inc., for management of the remediation project. Further, remediation project caused a two-week delay in plaintiff's ability to make the site available to its tenant, Eckert Corporation, operating a chain of big-box retail pharmacy stores. Lastly, plaintiff seeks to recover its attorney fees, costs and disbursements, which, as of March 31, 2009, are claimed to have a reasonable value of \$69,896.42. (Alan J. Knauf Affidavit [Knauf Aff.] sworn to April 22, 2009, at p.8, ¶41 *et seq.*)

<sup>10</sup> The July 2003 GeoQuest Soil and Groundwater Remediation Report indicated that it is being submitted to Route 104 and Route 21, L.L.C. and Key Bank National Association, which the Court takes as referring to the project's developer and financier, respectively.

plaintiff's damages are self-inflicted, i.e. that it caused or was otherwise responsible in bringing about the site contamination.

Beyond these three obvious *a priori* assumptions, the plaintiff makes at least one further assumption with ostensible empirical merit. That is, the contamination originated during the years the property was used as a gasoline station and the property was not further contaminated after the property ceased to be used for such purposes. We know that the property ceased to be used for the storage and/or sale of gasoline or any other petroleum products in any significant amounts after the extant UST's were excavated and removed from the site on May 27, 1982.<sup>11</sup> The removal operation was the result of a chain of events set in motion by a report from the adjacent Senator restaurant in late winter 1981 that gasoline fumes were emanating from the restaurant's floor drains as well as a storm sewer drop inlet between the gasoline station and the restaurant.<sup>12</sup> The initial report was made to the Williamson Fire Department, which apparently passed on the information to one or both of the state agencies having jurisdictional or an involved agency role over petroleum spills and/or surface/ground water contamination - the Department of Transportation and the Department of Environmental Conservation.<sup>13</sup>

---

<sup>11</sup> This event is noted in the Weekly Report of the staff of the Department of Transportation (DOT) dated June 1, 1982, which reads in pertinent part:

Thursday, May 27, 1982

Visited spill site no. 80177-Williamson. E&V removing tanks. All tanks removed. They were all in excellent condition. Soil around tanks was contaminated and slight amount (skim) remained on groundwater in excavation. Soil was put back into excavation.

See Kaplan Revised Affirmation dated April 22, 2009 at ¶18 and Exhibit 6 attached thereto at p. 37.

<sup>12</sup> See Kuppermann Aff., *supra* note 4, Ex E at p. 36 [Allen Deposition] The fumes were significant to the extent that the restaurant was emptied at one point. Kaplan Affirmation, Ex. 8, p. 20.

<sup>13</sup> At this time, the State Department of Transportation (DOT) had primary jurisdiction over petroleum spills, with the State Department of Environmental Conservation (DEC) acting in an advisory capacity for issues involving water quality. In the mid-1980's, sole jurisdiction was transferred to the DEC. Regarding the spill at the site involved in this litigation, DOT employee John

The gas station at this time was owned by father and son, William J. Allen, Sr. and William J. Allen, Jr., who purchased the property on June 2, 1978, from its previous owners and long time operators, Joe and Lena Turner (Kupperman Aff, supra note 4, Ex E at p. 10 [Deposition of William J. Allen, Jr., 1/23/2007]).<sup>14</sup> The Allens had continued the retail sale of gasoline to motorists and the wholesale purchase of that gasoline from Gulf Oil, which owned the underground storage tanks, pumps, lines, and associated apparatus. (Id. at 14-17). Not long after their purchase, the Allens were notified by a Gulf representative and a Mr. Don Van Liere - apparently the father of defendant David Van Liere - that "Engleson and Van Liere" would be replacing Gulf Oil as the station's wholesale gasoline supplier. (Id at 16, 31, 60).<sup>15</sup> Thereafter, Engleson and Van Liere did become the station's wholesale supplier and owner of the equipment and apparatus previously owned by Gulf Oil.

Until the spill report of May 27, 1981, there is no evidence that anyone observed any conditions or activity that raised site contamination concerns. In fact, in 1979, the Town installed sewer lines along portions of the Route 104 corridor, securing an easement from the Allens and trenched between the gas station and the Senator restaurant in order to install a sewer line. At his deposition, William Allen, Jr. recalled neither detecting any gasoline fumes nor observing any other indicia of contamination at that time, nor any complaints from others about such conditions. There is nothing in the record to indicate otherwise. (Id. at 53, 64). Mr. Allen testified that he never observed any spills at the property or experienced any product loss in the course of periodic "sticking" of the tanks (Id at E67) (see also Kuppermann Aff, supra note 4, Ex F at 51 [Van Liere Deposition]).

---

Fietse oversaw his a Department's response to the spill and DEC employee Paul Linderfelser assisted Mr. Fietse in an advisory capacity. Mr. Fietse was deposed by the parties on November 27, 2007, a transcript thereof being attached as Exhibit 8 to the Kaplan Affirmation, supra note 1.

<sup>14</sup> The Allens sold the property to Richard and Jane Johnson on February 29, 1988. At the time the Allens owned the station, they did business under the name of Bill Allen & Son Gulf Station and after the Johnsons purchased it, it became known as Williamson Garage & Service. (See Kupperman Aff. Ex E at 57-58 [Allen Deposition])

<sup>15</sup> Engleson & Van Liere apparently had a long-standing relationship with Gulf Oil, serving as one of Gulf's distributors since the early 1950's. Engleson & Van Liere was also a distributor for other companies, such as Sunoco and Mobil. (See Kaplan Aff Ex 7 at 23 [Deposition of David Van Liere at 23]).

Not unexpectedly, after the discovery of the contamination on May 7, 1981, effort was made to discover its source and cause, as well as devise and implement a remedial plan. There is some evidence that one potential contamination source was a fuel tanker truck towed in the station's wrecker, which, it was later discovered, had a leaking fuel tank. (Kuppermann Aff., Ex F, at p. 31 [Van Liere Deposition 3/6/2007]). However, it was opined that any leak from the truck "was insufficient to account for what was showing up in the storm sewer" (Kuppermann Aff Ex H at 29 [Deposition of Paul Lindenfelser 3/18/2008]). Another potential source of contamination was the underground tanks and/or piping therefrom to the retail dispensing pumps. Engleson and Van Liere had owned this equipment since 1978, and apparently did not have a regularly-scheduled inspection or testing program for the equipment (Id. at 50). Mr. John Fieze, the DOT Oil Spill Engineer assigned to respond to the investigation and approve remediation of the spill at issue here, reviewed the station's records (presumably for discrepancy in amount of gasoline delivered and amount sold) and could not determine whether there was any unaccounted for quantities of fuel. However, Mr. Allen, Sr., told Mr Fieze at the time that he thought he lost gasoline. (Kuppermann Aff., Ex G, at p. 20 [Deposition of John Fieze 11/27/2007]).<sup>16</sup>

Testing ensued of the underground tanks and piping. Soon after the onset of the state's investigation, the state engaged a professional service to test for leakage in the underground system. At least so far as the tanks themselves were concerned, they were tested using the well-known Kent-Moore system to determine whether any of the tanks were "leakers." (Kuppermann Aff Ex. H, at p. 50 [Deposition of Paul Lindenfelser 3/18/2008]). The results were viewed as "borderline" and just "barely" within acceptable limits,<sup>17</sup> indicating that there was some on-going, tank leakage. Later on, because of persistent appearance of contaminated free product, a second pressure testing was done, this time focused upon the underground pipes attached to the tanks leading to the dispensing

---

<sup>16</sup> Mr. Fieze recollected that Mr. Allen "was demanding" and was "struck" by the fact that Mr. Allen "wasn't overly concerned about the gasoline loss as much as getting \$600 from Engelson and Van Liere over the loss of gasoline." See Kuppermann Aff Ex G at 51 [Deposition of John Fiete].

<sup>17</sup> Kuppermann Aff Ex G, at p. 51 [Deposition of John Fieze 11/27/2007]; see also Exhibit L [Lindenfeser Memo to Butler 5/7/82]; [Lindenfeser Letter to Fieze 5/11/82].

pumps. Kuppermann Aff Ex H, at p 58 [Deposition of Paul Lindenfelser 3/18/08]. This time one of the lines was found to be leaking. Based upon these facts, as well as the apparent flow and accumulation of free-flowing gasoline in the observation wells, Mr. Fieze determined that it was “relatively obvious” that the gas station was the contamination source and thought it “very unlikely” that it was some other property (Kuppermann Aff Ex G at p 98-99 [Deposition of John Fieze 11/27/2007.]) Indeed, Mr. Fieze wrote to Engleson & Van Liere on August 31, 1981:

“From the department’s [DOT] investigation, there was evidence to show that gasoline contamination of groundwater in the area of Bill’s Gulf Station originates at or around the area of underground tanks or piping to the pumps. Since you are the owner of said tanks and pumps, the department believes that the responsibility for all investigation and cleanup is with your company.” (Kuppermann Aff Ex H at 60-61).

Remediation of the contamination was undertaken under the direction of the DEC. It is the contention of the plaintiff in this case that those efforts were inadequate. As stated in its memorandum of law, plaintiff contends that “the State of New York did nothing more than remove free-product from the groundwater,” and that only a small portion of the petroleum impacted soil was removed from the site. Thus, a sizable amount of contamination was left in the property following the 1981-82 cleanup efforts, contamination uncovered and removed by the plaintiff in 2003.

#### IV. DECISION.

##### **A. Chevron Motion For Summary Judgment.**

The motion of defendant Chevron for summary judgment is granted. There is no evidence that Gulf was a discharger, and there is no evidence that any discharge occurred at any time prior to the time Gulf sold the underground storage system in 1978. Plaintiff’s expert, Stephen Hilfiker, opines that the only way to account for the “substantial plume discovered in early 1981” is to infer that a “leak must have been occurring undetected for an extended period of time,” and indeed, “that multiple or on-going releases of gasoline occurred at the Site for many years, possibly dating back to the 1950’s, prior to the removal of the underground storage tank system in 1982.” (Hilfiker Affidavit, sworn to April 22, 2009). In rendering his opinion, this expert assumes that the results of the testing done in March 1981 allows the inference that contamination occurring prior thereto probably occurred through a “slow gradual leak” commencing during Gulf’s ownership of the tanks.

Without any attempt to quantify his opinion using the leakage rates discovered in both tests conducted under the auspices of the DOT, this is entirely speculative.

**B. Allen Motion for Summary Judgment.**

The motion of William J. Allen, Jr. for summary judgment is granted. While there is proof that petroleum was discharged into the property during Allen's ownership, there is no evidence that he was a discharger. Under any of the theories of liability asserted by the plaintiff, the Court does not read the statutory or decisional authorities to impose strict liability upon innocent, non-discharging property owners whose property experiences contamination through acts of other parties. There is no evidence that Allen had authorized, condoned, or was otherwise culpable for the contamination discovered on his property, or in any way had knowledge of or caused that contamination.

**C. David Van Liere Motions for Summary Judgment.**

The motions of David Van Liere for summary judgment are granted. The merits of the motion as addressed to the causes of action asserted by plaintiff against David Van Liere are conceded by plaintiff. Van Liere also moves for dismissal, or in the alternative, for summary judgment upon the cross-claim of defendant E. and V. Energy. This defendant seeks indemnification from Van Liere in the event it is found liable in this action. This claim is predicated upon the indemnification clause found in paragraph 9 of a Stock Sale Agreement dated May 2, 1988, wherein Van Liere sold his shares in Engleson & Van Liere, Inc. to E. and V. Energy Corporation, and in doing so, agreed as follows:

9. INDEMNIFICATION. The Sellers and Buyer agree to and shall indemnify the other, their successors and assigns, against any and all damages resulting from any breach of any representation, warranty, or agreement, set forth in this agreement, or the untruth or inaccuracy thereof, including but not limited to all the statements or figures contained in any of the Schedules or Exhibits to this Agreement. The Sellers further agree to and shall indemnify the Buyer against any and all debts, liabilities, choses in actions, or claims of any nature absolute or contingent, together with all expenses and legal fees resulting to Buyer or Engleson & Van Liere, Inc. from any breach, untruth, or inaccuracy, which may be incurred, to compromise, or defend

such liabilities, choses in action or claims of any nature, absolute or contingent, including, but not limited to, any and all liabilities for federal income or excise taxes or state or municipal taxes of any nature. The Buyer shall notify the Sellers of any such liability, asserted liability, breach of warranty, untruth or inaccuracy of representation, or any claim thereof, with reasonable promptness, and the Sellers or their legal representatives shall have, at their election, the right to compromise or defend any such matter involving the asserted liability of Seller or Engleson & Van Liere, Inc. through counsel of their own choosing, at their own expense. Such notice and opportunity to compromise or defend, if applicable, shall be a condition precedent to any liability of the Sellers under this indemnity. If the Sellers undertake to compromise or defend any such liability, they shall notify the Buyer, or its successors or assigns, in writing promptly of their intention to do so and the Buyer, its successors and assigns, agree to cooperate with Sellers and their counsel in the compromises or the defending against such liability.

See Notice of Motion of David L. Van Liere dated March 10, 2009, Affidavit of Amy Kendall, Esq. attached thereto at ¶7, Affidavit of David Van Liere attached thereto as Exhibit F, with Agreement attached as Exhibit A to such Affidavit.

This indemnification clause states that each of the parties will indemnify the other for “any and all damages resulting from any breach of representation, or warranty, or agreement, set forth in this agreement, or the untruth of inaccuracy thereof...” The representation relevant here is that found in paragraph 1(f) of the Stock Sale Agreement, where Van Liere states that “he does not know or have reasonable grounds to know of any basis for the assertion against the company as of May 31, 1988, or of any liability of any nature or in any amount not fully reflected or reserved against the balance sheet of May 31, 1988.” Based upon the record, there is no issue of fact whether David Van Liere knew or had reason to know that the site remained contaminated after removal or the tanks and clean-up of the site to DOT’s satisfaction. He did not. As his counsel notes: “Simply stated. The representation in paragraph 1 (f) does not say there are no potential liabilities, it says the sellers are unaware of any liabilities.” Affidavit of Thomas F. Walsh, sworn to January 14, 2005, at ¶36.

#### **D. Traveler’s Motion for Summary Judgment.**

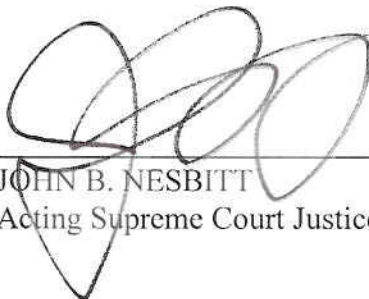
Travelers Insurance Company moves for summary judgment on the basis that, as a matter of law, there is no coverage for damages sustained by plaintiff because the contamination was not “sudden and accidental.” This motion is denied, inasmuch as that issue is a question of fact for the finder of fact.

**E. Plaintiff's Motion To Amend Its Complaint.**

Plaintiff's motion to amend its complaint regarding Traveler's coverage for Allen's liability is denied as moot.

All other motions are denied. Counsel for the prevailing parties shall submit orders consistent with this decision.

Dated: September 15, 2010  
Lyons, New York



---

JOHN B. NESBITT  
Acting Supreme Court Justice

MAVERICK SUPREME AND APPELLATE COURT

10 SEP 16 P2:23