

# Settlement

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linely poured harmful ozone pollutants into the air without required controls.

The company denied any wrongdoing. "It's essentially a case of retroactive enforcement," said Ken Haldin, a Georgia-Pacific spokesperson. "All we've done has been based on us doing what was necessary under the Clean Air Act. This is a case of trying to do everything one should do to comply."

The company settled so it could put the

claims behind it and get on with business, Haldin said.

Before signing the settlement, Georgia-Pacific hired three Washington, D.C., law firms to fight the allegations and unsuccessfully lobbied for legislative relief.

At the heart of the debate are standards for measuring emissions of volatile organic compounds (VOCs), which contribute to ground-level ozone, or smog. In the late 1970s, the Environmental Protection Agency published emission estimates for industrial processes, but unwittingly included inaccurate information about some VOC emissions. Industry studies in the 1980s uncovered

the miscalculations and determined that emissions were actually much higher than previously thought. Some other manufacturers of wood products applied for new permits reflecting the increased emission estimates. But Georgia-Pacific did not, the government alleged.

Moreover, the government alleged, as the company modified and improved productivity at its older plants, it did not obtain proper construction- and emission-related permits.

In 1995, the parties began crafting the settlement that affects 26 Georgia-Pacific plants. The deal calls for Georgia-Pacific to pay \$6 million as a civil penalty,

install more than \$20 million in emission-control equipment and provide \$4.25 million to fund environmental projects.

As July approached, government officials began to fear Georgia-Pacific was delaying a settlement until the opening of the Olympic Games in Atlanta, when news of a settlement would get lost in Games coverage.

On July 17, prosecutors had had enough negotiating. "We told them that if they did not agree to this settlement by close of business that day, we would file the complaint," said Dianne Shawley, a senior attorney at the Justice Department in Washington. □

# ATLANTA BUSINESS CHRONICLE

## Georgia-Pacific, Justice Department slug way to a deal

By Carey Gillam STAFF WRITER

The clock was ticking and the government was getting nervous.

It was nearing 9 a.m. on July 18, less than an hour before Attorney General Janet Reno planned to announce to the nation that Atlanta-based Georgia-Pacific Corp. would pay an estimated \$35 million to settle alleged violations of environmental laws — the most extensive environmental enforcement case ever.

But the signed settlement had not been filed in court. At about 7:30 a.m., a Georgia-Pacific lawyer promised the documents were on their way across town to the U.S. Attorney's Office in Atlanta. But with the press conference fast approaching, the prosecutor's office was still waiting.

A courier arrived with the documents shortly before 9 a.m., and Assistant U.S. Attorney Dan Caldwell raced to file the settlement with the court.

To some inside the U.S. Department of Justice, the forced scramble was the final insult in a bitter battle between the department and the wood-products giant.

For five years, the Justice Department and the Environmental Protection Agency have been investigating Georgia-Pacific. The government alleged that the \$14 billion company skirted requirements of the Clean Air Act by not obtaining proper permits when modifying plants in the Southeast to improve production.

The result, the government contended, was that over the last decade, Georgia-Pacific plants have rou-

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