

Paper Mill Potentially Subject to RICO Claims Stemming from PFAS Contamination

By **Brian D. Gross** | **Uri S. Carni**

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A federal magistrate judge has recommended that civil claims brought under the federal RICO Act be permitted to proceed to discovery in a lawsuit stemming from public drinking water contamination with per- and polyfluoroalkyl substances (PFAS) near Westminister, Massachusetts. PFAS, or “forever chemicals,” have come under legislative and regulatory scrutiny due to their long half-life, which may cause them to linger in the environment for extended periods of time. Related litigation continues to rise.

On September 1, 2023, Judge David H. Hennessey recommended that the plaintiff's RICO claims should proceed to discovery against a paper manufacturing company that allegedly sent PFAS-contaminated byproducts to a composting facility in Westminister, Massachusetts for disposal. In issuing his recommendation, Magistrate Judge Hennessey was required to accept as true the facts alleged in the complaint in determining whether the plaintiffs' claims should be dismissed outright at the litigation's preliminary phase, and before any discovery commences. Magistrate Judge Hennessey's recommendation that the allegations were sufficient to avoid preliminary summary dismissal does not mean that the allegations are true or have been proven. Seaman Paper contends and intends to prove that many of the facts alleged in the complaint, and in particular the alleged facts on which Magistrate Judge Hennessey relied in recommending that plaintiffs' RICO claims avoid early summary dismissal, are simply false. Seaman Paper has filed objections to Magistrate Judge Hennessey's Report and Recommendation. The federal judge handling the litigation will review Seaman Paper's objections to Magistrate Judge Hennessey's Report and Recommendation, and may either adopt or reject Magistrate Judge Hennessey's ruling.

Magistrate Judge Hennessey's recommendation regarding civil RICO claims in this context is the first of its kind. If it is not subsequently rejected and the claims are permitted to proceed to discovery, it has the potential to significantly expand the prospective liability of corporate defendants for alleged PFAS contamination. It may provide yet another tool for plaintiffs to go after companies they believe have contributed to PFAS contamination. As such, companies should analyze their corporate structures to evaluate whether they may open themselves up to even greater liability exposure for alleged PFAS contamination.