



NEW YORK CITY LAW DEPARTMENT
OFFICE OF THE CORPORATION COUNSEL

Michael A. Cardozo, Corporation Counsel

Press Release

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For Immediate Release

**CITY AWARDED \$1.2 MILLION IN PRODUCT DEFECT CLAIM,
REFLECTING AGGRESSIVE EFFORTS TO PROTECT
CONTRACT RIGHTS AND CITY BUDGET EXPENDITURES**

***SUIT INVOLVED ENGINEERING EQUIPMENT BY JEFFREY CHAIN CORP.
FOR HUNTS POINT WATER CONTROL FACILITY THAT FAILED TO MEET APPROPRIATE STANDARDS***

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New York, April 16, 2003 – Justice Helen Freedman of State Supreme Court awarded the City's Department of Environmental Protection \$1.2 million in damages against the Jeffrey Chain Corp. for supplying defective equipment to the Hunts Point Water Pollution Control Plant. The case reflects an aggressive effort by the City to protect its contract rights and ensure that all products for which it has paid perform properly. This is particularly important given City Hall's efforts to save money in light of the City's fiscal crisis.

Following an extensive renovation of the City's Hunts Point facility in 1997, newly purchased engineering class stainless steel chain manufactured by the Jeffrey Chain Corp. of Morristown, Tennessee, and critical to the plant's operation, began to shatter, causing extensive damage to the Plant's water treatment facilities. Metallurgical investigations conducted by the City's Department of Environmental Protection determined that errors in manufacturing and inspection resulted in materials that failed to comply with the City's contract specifications.

"Jeffrey Chain's failure to honor its product warranty led to the City's suit, which culminated in an award of damages in an amount that will compensate the City for replacement equipment and the labor costs incurred as a result of the defective chain," noted Corporation Counsel Michael A. Cardozo.

Department of Environmental Protection Commissioner Christopher O. Ward said, "The Law Department is to be congratulated on recovering the \$1.2 million in damages against the contractor who supplied defective equipment for our construction project. We must remain vigilant against anyone who would endanger critical City infrastructure by these methods."

The case was handled by Gail Rubin, the Chief, and Eric Proshansky, the Deputy Chief, of the New York City Law Department's Affirmative Litigation Division, which is charged with bringing actions in which the City appears as a plaintiff.

Proshansky said that the suit was consistent with the City's policy of seeking compensation from contractors and suppliers who provide the City with sub-standard or defective materials. "There is simply no reason that City taxpayers should be required to assume the costs when those who contract with the City fail to meet their commitments. When necessary, the City will vigorously protect its contract rights through actions such as these," he stated.

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world, ranking among the top three largest law offices in New York City and the top three largest public law offices in the country. Tracing its roots back to the 1600's, the Department's 650-plus lawyers handle more than 100,000 cases and transactions each year in 17 separate legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The Department's attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. Its web site can be accessed through the City government home page at www.nyc.gov or via direct link at www.nyc.gov/html/law/home.html.

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