

EXHIBIT

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Lacrosse suits so far cost city \$729,350

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DURHAM – Lawyers defending the city government and police from three lawsuits stemming from the Duke lacrosse case have already submitted \$1.2 million in bills for their time and expenses.

Taxpayers have covered \$729,350 of that, but the city is in line to get \$229,350 of that back from the American International Group, the company that owns the insurer the city was using when the lacrosse case began in the spring of 2006.

Once that shuffle is complete, AIG will pay for the city's defense until the bill hits Durham's \$5 million coverage limit, Assistant City Attorney Kim Grantham said. After that, taxpayers will again be on the hook.

The figure Grantham reported – \$1,245,591.37 to be exact – covers billings through the end of August from the five North Carolina law firms that are working directly for the city or different groups of city officials.

The firms are Faison & Gillespie; Poyner & Spruill; Kennon Carver Belo Craig & McKee; Maxwell Freeman & Bowman; and Troutman Sanders.

The bill doesn't include any charges from Steptoe & Johnson, the Washington, D.C., law firm AIG brought in to lead the defense team.

Steptoe is billing AIG directly. The money to pay it isn't coming out of the city's insurance because AIG hired the firm after invoking its right under the policy to its own representation, Grantham said.

She said that city officials don't know how much Steptoe has billed the insurer.

"It would be nice to know what they're being paid, but we're not there yet with AIG," Grantham said, adding that she expects the two sides to figure out "what the total billing looks like" sometime in the coming months.

The first of the lawsuits is nearly a year old, having been filed last Oct. 5 by David Evans, Collin Finnerty and Reade Seligmann, the three former Duke lacrosse players a stripper, Crystal Mangum, falsely accused of rape.

Two other groups of 2005-06 lacrosse players are also pursuing lawsuits. One filed in December, the other in February.

The city and AIG aren't responsible for any defense bills incurred by Duke University, the Duke Health Care System, former District Attorney Mike Nifong or a Burlington DNA lab.

Grantham said officials are "identifying strategies for dealing with" the likelihood that the legal bills will mount as the cases go on. She acknowledged they could one day put pressure on the city to settle.

But the long-term picture depends heavily on how U.S. District Court Judge James Beaty Jr. rules on a series of dismissal motions in the lawsuits, she said.

Beaty's rulings could end legal proceedings against some or all of the defendants and bar certain kinds of legal claims.

"If we can get some of those people out, then it changes the expense ratios for everybody," Grantham said, adding that legal bills create long-term pressure on both sides.

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