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## JUDGE REQUIRES SALVAGE COMPANY TO PAY LEGAL FEES

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The company that has been salvaging the Titanic shipwreck must pay legal fees and sanctions for suing stockholders who criticized the company on the Internet, a New York judge ruled Tuesday.

Judge Diane A. Lebedeff ruled that R.M.S. Titanic Inc. knew its defamation case would fail but filed it anyway to intimidate dissident stockholders. A special referee will determine the amount of sanctions. The defendants have spent about \$15,000 to \$20,000 in this case, said their attorney, Steven G. Storch of New York.

Lebedeff issued the five-page opinion in the state Supreme Court in New York City.

R.M.S. Titanic, based in Atlanta, has been salvaging the famous shipwreck since 1987. Judges in Norfolk's federal court have been supervising the salvage since 1992 and awarded salvage rights to R.M.S. Titanic in 1994.

The company has raised more than 6,000 artifacts from the ocean floor, including personal belongings of passengers and crew and parts of the ship itself. An artifact exhibition is at the Science Museum of Virginia in Richmond until Jan. 5.

In 1999, R.M.S. Titanic changed hands in a hostile takeover. Later, a group of unhappy stockholders railed against new company leaders on an Internet bulletin board. The dissidents accused the new directors of mismanaging money and mishandling artifacts.

The company sued seven of those Internet posters in New York's federal court last year, accusing them of spreading damaging lies. The company sought \$1 million from each defendant.

That case did not succeed. The defendants argued that they could not be sued in New York because they do not live there or conduct business there. The company withdrew its lawsuit, then refiled it in New York state court.

On Tuesday, Lebedeff ruled that the second lawsuit also did not belong in New York and that company officials knew that. "Thus, the commencement of the action in this court constituted frivolous conduct," she ruled.

"There is an inference," the judge wrote, that by suing in New York, where they could not possibly win, company officials wanted "to intimidate individual investors and deter the posting of negative comments concerning its business on the Internet."

Lead defendant Bill Willard of Seneca, S.C., said, "The saddest part of all this is that the company we are fighting so hard to help has to pay the bill for this action. We didn't initiate it."

The company and its attorney did not return calls seeking comment.

R.M.S. Titanic conducted its last salvage expedition in 2000. In September, the company announced that it would surrender its salvage rights and conduct no more expeditions.

Company officials will appear in Norfolk's federal court on Nov. 25 to explain their actions.

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