

Sept. 21, 2006

In its last act, Pan Am ex-employees get paid, 15 years late

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NEW YORK (AP) _ In the 15 years since Pan American World Airways shut down, Anthony La Pera had assumed he would never get paid for his leftover wages and accrued vacation. But La Pera and another 15,000 former employees can expect to open their mailboxes one day this December and find that a check has arrived, marking the end of the liquidation of an iconic airline.

In July, a federal bankruptcy judge authorized the Pan Am Corp. to distribute the money it had secured in a settlement with the government of Libya. Sending out those checks marks the end of a long process of winding down Pan Am.

"This is about as final as it can get," said Walter Curchack of the law firm Loeb & Loeb, which helped negotiate the settlement agreement on behalf of Pan Am.

The defunct Pan Am, which started in 1927 and helped create what was then a new industry, shut down on Dec. 4, 1991, after declaring bankruptcy in January of that year. Among the last, fatal blows it suffered was the 1988 bombing of Flight 103, a now infamous attack that ended with 270 dead when a bomb exploded on board as the plane flew over Lockerbie, Scotland.

In 2003, Libya accepted responsibility for the bombing and agreed to pay restitution to the victims. Pan Am's payments come from a separate settlement of a lawsuit its insurers brought against the Libyan government.

The 68-year-old La Pera and other former employees recently received notices from Wells Fargo & Co., which is coordinating the distribution of approximately 43 percent of Pan Am's settlement money to former employees. Those who are eligible will get between 5 percent and 6 percent of what they were owed when the airline shut down in 1991.

For La Pera, that means he will get a check in the range of \$1,250 to \$1,500, given that he was owed between \$25,000 to \$30,000 for accrued vacation and back pay.

"It's like found money, in effect, because nobody expected anything to come out of this," he said.

Richard Vieta, another former employee, remembers well the day the airline shut down: It was his birthday. And after the company folded, he was one of a small group of employees who remained to catalog and sell off pieces of the airline.

Vieta had worked at the airline nearly 30 years scheduling maintenance and tracking aircraft parts. His last year, though, was spent at New York's John F. Kennedy International Airport's jet center and hangar No. 19, helping an auctioneer sell off parts from the disassembled planes.

"What I think Pan Am demonstrates is that these are the unrecognized victims of the industry's problems _ people that did dedicate themselves to an employer for a long time and basically got left out," Curchack said.

Since the bankruptcy filing in late 1991, Curchack and others, including former Pan Am lawyer Paul Rendich, have worked to secure a settlement.

"This case has been literally, for the last 10 years, a sort of a matter of honor to many of the people involved in it," Curchack said. "It's a vindication in that there's some resolution for Pan Am and some of its employees, who felt they were personally attacked by the bombing of Flight 103."

Flight 103 was partially insured for \$32 million in damage from acts of war or terror; the entire plane was valued at \$67 million. The insurers paid \$32 million to Pan Am then pursued a civil case to recover damages from the Libyan government on behalf of the airline.

But because the civil lawsuit could not proceed until a related criminal one was resolved, there was little movement in the case for about a decade.

In the meantime, two Libyan agents, Abdel Basset Ali al-Megrahi and Lamén Khalifa Fhimah, were prosecuted under Scottish law through a court at the Hague for carrying out the bombing. In 2001, Fhimah was acquitted and al-Megrahi convicted of murder.

As al-Megrahi's appeals wound down, representatives of the insurers and Pan Am began speaking to Libyan negotiators and their French lawyers about a possible settlement deal. The discussions intensified in 2004 and continued into 2005 by phone and at meetings in London, Paris and Tripoli.

Rendich, who had worked as a lawyer for Pan Am since the 1980s, said that at one point, the Libyans tried to pit Pan Am against its insurer and tried to blame the airline's closure on economic factors unrelated to the bombing.

The two sides finally reached a deal on February 18, 2005, and the bankruptcy judge overseeing the case approved the deal a month later.

Minus certain fees and the portion of the settlement that goes to the insurers, Pan Am Corp. will have about \$31 million to distribute among former employees, ticketholders, bank lenders, commercial vendors and other creditors.

Even before the attack on Flight 103, Pan Am had wedged itself into the hearts and minds of many.

Rarely do companies operating today generate the kind of pride and loyalty heard in the voices of former Pan Am employees. They hold reunions and keep in touch, even now.

Some collect memorabilia, such as decades-old route maps and original flight covers, which were mementos given to first-class travelers that depicted planes or travel destinations. According to a posting on a Pan Am remembrance Web site, someone even tried to start a Pan Am golf club.

When La Pera started working at Pan Am in 1962, he was paid \$2.14 an hour. As a crew scheduler, he monitored flights as they landed. Messages were sent by teletype and records handwritten to track them.

He remembers looking forward to the end of his vacations so he could get back to work.

"It was always exciting," he said. "The company, if you look at its history, it had a lot of firsts. We had a part in it, and they made us feel a part of it."

Professor Bijan Vasigh of Embry-Riddle Aeronautical University said Pan Am indeed occupies a special place in history.

"They actually dominated the world for many, many years," Vasigh said. "Pan Am was one of the icons of U.S. air transportation."