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Newsroom

Chung on 38 Studios Settlement

Professor John Chung weighs in on the implications of a settlement deal between the State of Rhode Island and two defendants in the 38 Studios lawsuit.

From PROVIDENCE BUSINESS NEWS: "[Chafee lawsuit pays off](#)" by Patrick Anderson, PBN Staff Writer

July 7, 2013: Another grueling June debate over whether the state should repay 38 Studios bondholders gave way to something unexpected: good news in the state's lawsuit against architects of the failed deal.

Two defendants in the case, the R.I. Economic Development Corporation's bond counsel on 38 Studios and his law firm, agreed to pay the state \$4.37 million to avoid the potential risk of a trial. [...]



Although certainly a positive development for the state's case, the Afonso settlement does not necessarily mean the rest of the defendants will fall in line to settle, **said Roger Williams University Law School professor John Chung.**

Chung said although wanting to avoid being the last defendant standing in a large case like this can be a motivating factor, it's usually somewhere down the list of multiple factors defendants have to consider.

One of those factors is insurance coverage as a source of funds, as it was in the Afonso settlement, where the defendants had a \$5 million policy limit. The 38 Studios settlement went up to that limit with \$430,000 used to pay legal bills already incurred by the defendants and another \$200,000 set aside for future legal costs.

“An insurance policy is one of biggest factors in decisions to settle,” **Chung said**. “From the plaintiffs’ perspective – they might think defendants should pay more than the policy limit, but if that is on the table, they have to weigh that against the time and expense of going further.”

For full story, click [here](http://pbn.com/Chafee-lawsuit-pays-off,98323). [http://pbn.com/Chafee-lawsuit-pays-off,98323]