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1997 Survey of Rhode Island Law: Cases: Remedies

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Remedies. *LaPlante v. Honda North America, Inc.*, 697 A.2d 625 (R.I. 1997). Under section 9-1-50 of the Rhode Island General Laws, a plaintiff who does not receive a settlement payment within thirty days of the settlement date has a cause of action for punitive damages and interest on the punitive damages award, but not interest on the settlement amount.

Section 9-1-50 of the Rhode Island General Laws provides plaintiff's remedies when a defendant does not pay the agreed settlement within thirty days.[1] The statute, however, "is not a model of statutory clarity."[2] The court, applying the rules of statutory construction,[3] held that the statute entitles the plaintiff to a cause of action for punitive damages and interest on the punitive damages award, but not interest on the original settlement amount.[4]

FACTS AND TRAVEL

Arthur LaPlante (LaPlante) was seriously injured while operating an all-terrain vehicle (ATV) on March 11, 1989.[5] LaPlante brought a products-liability action and other claims against Honda R&D Co., Ltd., Honda Motor Co., Ltd. and American Honda Motor Co., Inc. (collectively Honda) in the United States District Court for the District of Rhode Island.[6] In 1993, a jury awarded LaPlante $8,204,200.[7] The judgment was reversed in 1994 on the

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1. Section 9-1-50 of the Rhode Island General Laws (1956) (1997 Reenactment) provides in part:

   Whenever any claim is settled, the insurance company, adjusting company, or any other person, firm, or corporation responsible for paying the settlement shall make payment within thirty (30) days from the date the claimant or his or her attorney sends the release. Failure to make payment within thirty (30) days shall raise a presumption that failure to do so was a willful and wanton disregard for the rights of the claimant. In addition to all other remedies, the payor shall be liable to the claimant in a separate cause of action for punitive damages and interest which shall be computed at the rate of twelve percent (12%) per annum from the date the cause of action giving rise to the settlement occurred until the judgment on the claim brought pursuant to this section is entered.

   Id.

2. LaPlante v. Honda N. Am., 697 A.2d 625, 628 (R.I. 1997).
3. *See id.*
4. *See id.* at 629.
5. *See LaPlante*, 27 F.3d at 734. (stating that LaPlante's neck was broken and he was rendered quadriplegic.
6. *See id.*
7. *See id.*

grounds of improper jury instructions.[8] A negotiated settlement of LaPlante's claim was eventually reached, with LaPlante executing a release on January 19, 1995 in exchange for Honda's promise to pay $600,000.[9] Payment was not received until thirty-four days after the execution of the release.[10]

LaPlante filed a complaint in Rhode Island Superior Court, alleging a violation of section 9-1-50 of the Rhode Island General Laws.[11] LaPlante sought punitive damages and interest calculated at twelve percent on the settlement amount from the date of the occurrence leading to the settlement,[12] approximately $576,000 in interest.[13] The case was removed to the United States District Court for the District of Rhode Island based on diverse citizenship.[14]

The matter was initially referred to a magistrate for "preliminary review, findings and recommended disposition."[15] The magistrate concluded that the statute did not permit recovery of interest on the original settlement amount, but merely permitted a cause of action for punitive damages and interest thereon.[16] The issue then came before the United States district court, which prepared a certified question for the Rhode Island Supreme Court.[17] The question was: "[d]oes Rhode Island General Law § 9-1-50 provide for the recovery of compensatory interest based upon the unpaid settlement amount independent of a possible recovery of punitive damages for wilful or wanton conduct?"[18]

BACKGROUND

Article I, Rule 6 of the Supreme Court Rules of Appellate Procedure provides that the court "may answer questions of law certified to it by . . . a United States District Court when requested."[19]

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8. *See id.* at 737.
9. *See LaPlante*, 697 A.2d at 627.
10. *See id.*
11. *See id.*
12. *See id.*
13. *See id.* at 629.
14. *See id.* at 627.
15. *Id.*
16. *See id.*
17. *See id.*
18. *Id.* at 626.
19. R.I. Sup. Ct. R. App. P., art. I, R. 6.

When a statute is ambiguous, it is the task of the Rhode Island Supreme Court to serve as the "final arbiter" on the meaning of the statute.[20] "In order to accomplish this task, [the court] must apply the frequently recited rules of statutory construction."[21] First, the court attempts to "ascertain the intention of a legislative body from a consideration of the entire statute, keeping in mind its nature, object, language and arrangement."[22] Secondly, the court generally presumes that the legislature "intended every word of the enactment to have a useful purpose and to have some force and effect."[23] Finally, the court attempts to avoid an "absurd or unjust result."[24]

ANALYSIS AND HOLDING

The court first commended the United States magistrate for his rejection of Honda's attempt to introduce affidavits of legislators who sponsored the bill in 1991.[25] It noted that such "post hoc affidavits . . . are not true legislative histories and should be given no weight."[26]

Turning to the statutory language, the court observed that the term "settlement amount" is not included in the statute.[27] The court found it unlikely that the General Assembly would have intended interest to be calculated on the settlement amount without the use of that phrase.[28]

The justices next observed that the statute creates a "cause of action."[29] It held that the use of the singular "cause" versus the plural "causes" evidenced the legislature's intent to create a single claim for punitive damages with interest, and not include a second claim for compensatory interest computed on the settlement amount.[30] The court then noticed the proximity of the words "pu-

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20. *LaPlante*, 697 A.2d at 628 (citations omitted).
21. Rhode Island State Police Lodge No. 25 v. State, 485 A.2d 1245, 1247 (R.I. 1984).
22. Algiere v. Fox, 404 A.2d 72, 74 (R.I. 1979).
23. Defenders of Animals v. Dep't of Envtl. Management, 553 A.2d 541, 543 (R.I. 1989).
24. *LaPlante*, 697 A.2d at 628.
25. *See id.* at 628-29.
26. *Id.* at 629.
27. *Id.*
28. *See id.*
29. *Id.*
30. *Id.* at 628.

nitive damages" and "interest."[31] It found that the term "interest" was meant solely to modify the "punitive damages" phrase.[32]

Finally, the court reasoned that to find otherwise would result in an "absurd or unjust result."[33] Honda was four days late in delivering payment.[34] Under LaPlante's interpretation of the statute, this minor delay would make Honda liable for $576,000 in damages.[35] This result would be "both extreme and unjust."[36]

CONCLUSION

In *LaPlante*, the Rhode Island Supreme Court exercised its function as the final arbiter of statutory meaning. The court applied the standard rules of statutory construction to the ambiguous statute providing a remedy for settlement payments not received within thirty days of the settlement date. The court determined that the statute provides the plaintiff with a cause of action for punitive damages with interest, but does not provide for interest on the original settlement amount.

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31. *Id.* at 629.
32. *Id.*
33. *Id.*
34. *See id.*
35. *See id.*
36. *Id.*