IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA Alexandria Division

PROTECTION STRATEGIES, INC.,

Plaintiff,

-v
Civil Action No. 1:13-CV-00763

STARR INDEMNITY & LIABILITY Co.,

Defendant.

ORDER

Before the Court is Defendant/Counterclaim Plaintiff Starr Indemnity's Motion to Amend or Alter Judgment (Dkt. No. 115). Plaintiff/Counterclaim Defendant Protection Strategies has opposed Starr's Motion (Dkt. No. 118), and Starr has replied in support of its motion (Dkt. No. 119). The Court has reviewed the pleadings in this case and received Starr's waiver of oral argument (Dkt. No. 117), and now grants Starr's motion.

The parties agree that the principal owed to Starr is \$846,483.34, representing the total amount Starr has paid to Protection Strategies. The parties also agree that Starr is owed post-judgment interest at the federal statutory rate, calculated under 28 U.S.C. § 1961 and accruing from the date of this Order. However, the parties disagree over whether prejudgment interest is due in this case, and if it is due, the date on which it began accruing.

The Court finds that although Protection Strategies correctly notes in its Brief that a bona fide legal dispute existed in this case, such a dispute does not preclude the award of prejudgment interest under Virginia law. See, e.g., Gill v. Rollins Protective Servs. Co., 836 F.2d 194, 199 (4th Cir. 1987) (holding that there is no "bona fide legal dispute" exception to Virginia's prejudgment interest statute); Cont'l Ins. Co. v. City of Va. Beach, 908 F. Supp. 341, 349 (E.D. Va. 1995) ("[D]enial of prejudgment interest [in cases in which there is a bona fide legal dispute] is not

required under the statute."). Indeed, even courts that have denied prejudgment interest because a

bona fide dispute existed have acknowledged that the Virginia statute "has been interpreted as

granting courts complete discretion in awarding prejudgment interest." 908 F. Supp. at 349

(emphasis added). Despite the fact that Starr's counterclaims were legitimately opposed by

Protection Strategies, the Court finds that prejudgment interest is necessary to make Starr whole.

As Starr correctly states, this Court previously held that Starr had a right to recoupment not only

because of the guilty pleas of each of PSI's executives, but also because the 2011 Policy was

procured by the misrepresentations of PSI's then-CEO Keith Hedman in the Warranty Letter.

Because the Policy would not have been issued but for those misrepresentations, each of the

payments Starr advanced to PSI was a direct result of the wrongdoing of PSI's executives.

Because each payment denied Starr the use of funds to which it was entitled, prejudgment

interest accruing from the date of each payment is appropriate. Therefore, it is hereby

ORDERED:

1. Defendant/Counterclaim Plaintiff Starr Indemnity's Motion to Amend or Alter

Judgment (Dkt. No. 115) is **GRANTED**.

2. JUDGMENT IS ENTERED in favor of Starr Indemnity in the amount of

\$846,483.34, in addition to 1) prejudgment interest at the Virginia statutory rate of six

percent (6%), accruing from the date of each payment from Starr to PSI, and 2)

postjudgment interest on the total judgment (including prejudgment interest) accruing

from the date of this Order, at the federal statutory rate dictated by 28 U.S.C. § 1961.

August 8, 2014

Liam O'Grady

United States District Judge