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Admiralty (May 19, 1971)

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Mr. Stason May 19, 1971

I (15 points)

The John T. Schmultz, an unpowered barge, was used during the winter under tow by a tug for carrying grain between Smithville and Jonesboro. Both of these towns are located on the shores of Wonder Lake, an artificial lake wholly within the State of Wythe and unconnected by water with any other State. During the summer it was attached to a pier at Jonesboro by cables and chains, supplied with electric power from shore, and used as a night club. Its owner, John T. Schmultz, brought an admiralty action in the local Federal District Court (no venue problems here) against Thomas Jones for unpaid freight for grain he had had shipped in the barge in the past five years (1967-1971) under bills of lading drawn in proper maritime form. Some of this grain had arrived spoilt in the last year's shipments. Part of the spoilage was caused by unexplained lake water in the hold; part by exposure to the weather owing to the crew's negligence after it had been loaded and the applicable bills of lading signed by the barge master, and the rest by lake water that had entered a hole in the side of the barge that had been opened during another voyage by a collision with Cornelius Vander Schmeldt's well-known yacht. Admittedly, the collision was caused solely by the barge master's faulty navigation.

What result will come of this action, and why?

II (25 points)

- a. Assume the above facts except that Wonder Lake is connected by a navigable channel with the Mississippi River. What result in the admiralty action then, and why?
- b. Why should the result be different, if it will be, than under the facts of question I?
- c. What possible (although unlikely) finding might cause a few admiralty courts to reach the same result in question II as in I?

III (20 points)

Schmultz then had propulsion engines and other machinery required for going to sea installed in the barge and had it sailed down the Mississippi River via the channel mentioned in question II to engage in U.S. coasting trade. During the course of the voyage, one of the crew - a British subject domiciled in the United Kingdom - was injured aboard by operational negligence attributable to a fellow crew member. Also (the bill of lading under which it was shipped having no clause exempting the barge or its owner from liability for damage to cargo through nonnegligent unseaworthiness while under way), part of the cargo taken on at New Orleans for coastal shipment to Charleston, S.C. was injured during that voyage by sea water that entered the hold despite Schmultz's undoubted due care to make the barge seaworthy before this voyage had begun.

Question III (continued)

- a. What remedies, if any, has the crew member in admiralty for his injuries?
- b. What result, in the cargo owner's admiralty action for the abovementioned injury to his cargo? Why?
- c. Would the result have been different had it been injured thus while being transported directly from New York City to London, England, all other facts being the same? If so, what would the difference be, and why?

IV (25 points)

The Schmultz's master refuelled her at its new home port of New Orleans and thereafter both there and at other coastal ports in five successive voyages. Also, owing to the barge master's faulty navigation, he collided with another vessel during the first of these voyages, and failed to pay the crew at the end of that voyage. None of these several claims had been settled at the time of Schmultz's insolvency which occurred at the time the fifth voyage ended and rendered him judgment proof but left no further claims to which the barge could be looked for settlement. All claimants filed liens against the barge in admiralty under the appropriate maritime laws.

- a. What maritime law is appropriate for each of these lien claims?
- b. In what order will they likely be paid if the proceeds from the barge's sale in admiralty are insufficient to cover all? What non-lien claim will take precedence over all of them?

V (15 points)

If the barge had been sunk and thus rendered a total loss, but was heavily insured by the owner against such loss, what funds, if any, could be taken by the abovementioned lien claimants in settlement of their liens?