

MEMORANDUM

June 22, 2026

To: Patricia Ryan¹
Kristen Breitweiser
Marie Halloran

From: Akin Gump Strauss Hauer & Feld LLP

Re: Compensation for 9/11 Victims and Their Families

Overview

Nearly a quarter century after the September 11th attacks, many surviving spouses and children of those who perished remain significantly undercompensated for their losses particularly as compared to other American victims of terrorism. Although Congress has established multiple funds intended to support victims of terrorism, the structure and implementation of the U.S. Victims of State Sponsored Terrorism (USVSST) Fund have, over time, produced an unintended and striking inequity.

This disparity initially emerged from the original design of the USVSST Fund in 2015, which limited eligibility for individuals who had already received federal compensation through the September 11th Victim Compensation Fund (VCF).² As a result, many surviving spouses and dependent children were effectively excluded from receiving USVSST Fund payments. Meanwhile, parents and siblings of 9/11 victims, who were not eligible for payment in the VCF because they were not heirs of a 9/11 decedent, qualified for compensation under the USVSST Fund and in many cases recovered significantly higher amounts in the USVSST Fund than the 9/11 victims' spouses and children had received in the VCF. Over time, this produced a compensation structure that ran counter to Congress's stated intent to treat all U.S. victims of state sponsored terrorism equitably and fairly—on a pro rata basis.

¹ Patricia Ryan, Kristen Breitweiser, and Marie Halloran are September 11th widows who lost their husbands in the terrorist attacks on the World Trade Center. Patricia Ryan and Kristen Breitweiser lost husbands who were killed in the towers; Ms. Breitweiser later became a nationally recognized advocate for 9/11 families and played a central role in the creation of the 9/11 Commission. Marie Halloran is the widow of FDNY Lieutenant Vincent G. Halloran of Ladder Company 8, who was killed while responding to the World Trade Center; at the time of the attacks, Ms. Halloran was pregnant with their sixth child, who was born after September 11 and is the youngest surviving child of an FDNY firefighter lost that day.

² The VCF as referenced in this memorandum applies to the initial September 11th Victim Compensation Fund created by Title IV of the Air Transportation Safety and System Stabilization Act, Pub. L. No. 107-42, 107-42, 115 Stat. 230 (2001). The VCF was reopened by the James Zadroga 9/11 Health and Compensation Act of 2010, P.L. 111-347, and reauthorized in 2015 and 2019. The reopened VCF serves the victims who have been diagnosed with a 9/11-related physical illness. For the purpose of this memorandum, the 9/11 victims referenced herein do not include those victims served by the reopened VCF.

Congress attempted to correct this imbalance through subsequent legislative changes, most notably the 2019 Clarification Act and the 2022 Fairness for 9/11 Families Act. These measures expanded eligibility and authorized “catch-up” payments designed to bring surviving spouses and children closer to parity with other claimants who had been compensated in the first rounds of the USVSST Fund. But these reforms, while meaningful, did not resolve the underlying inequities between classes of victims in the Fund. In fact, the 2019 Clarification Act bifurcated distributions under the Fund, designating 50% of the available funds for 9/11-related claimants, and reserving 50% of the available funds for non-9/11 related claimants. Because 9/11 claimants totaled approximately 75% of claimants in the Fund, this further limited access to payments for 9/11 families. In addition to these inequities between similarly situated victim groups, the USVSST Fund remains chronically under-resourced relative to the massive volume of outstanding terrorism-related judgments. Because the USVSST Fund divides equal funding between two groups of unequal size, its payment distributions have historically compounded inequities between 9/11 claimants and non-9/11 claimants while leaving 9/11 families unable to recover more than a small fraction of the total value of their judgment awards.

As a result, even with recent corrective legislation, surviving spouses and dependents of 9/11 victims are projected to receive only a modest portion – less than 15% of their aggregate eligible claims – by the time the USVSST Fund sunsets in 2039,³ whereas other non-9/11 victims in the Fund have already received more than 15% of their aggregate eligible claims as of 2026.⁴ Unless Congress enacts meaningful reforms, the inequity that began nearly a decade ago will continue to compound, leaving surviving spouses and children of 9/11 victims permanently disadvantaged within a system that was intended to treat them with parity as compared to all other similarly situated victims of terrorism.

Akin was retained⁵ to help prepare this comprehensive research and analysis that will serve as the foundation for a renewed effort for 9/11 spouses and children to be compensated for their losses in parity with all other victims who have been compensated by the USVSST Fund. This white paper is prepared in parallel with an empirical analysis of the USVSST Fund payment disparities described in a companion white paper produced and published by Edgeworth Economics (hereafter the “Edgeworth Analysis”).

³ An Empirical Analysis of Payments to Victims of the September 11th Attacks and Their Families, Edgeworth Economics, April 2026 (“Edgeworth Analysis”), p. 10.

⁴ “More than 65 percent of the population of claimants GAO has identified as eligible for these LSCUPs have recovered more than 30 percent of their compensatory damages awards from qualifying offsets. An additional approximately 3 percent of GAO’s LSCUP-eligible population have recovered more than 50 percent of their compensatory damages awards via offsets. **Payments to these claimants, who have already recovered amounts in excess of the Fund’s total payment percentage for non-9/11-related claimants of 24 percent, further decrease the funds that will “rollover” for the benefit of all claimants.**” (emphasis added). Memorandum from Margaret A. Moeser, Chief, Money Laundering & Asset Recovery Section, Criminal Div., U.S. Dep’t of Just. To Triana McNeil, Dir., Homeland Sec. & Just., U.S. Gov’t Accountability Off. 9-10 (October 3, 2024), reprinted in U.S. Gov’t Accounting Off., U.S. Victims of State Sponsored Terrorism Fund: 1983 Beirut Barracks and 1996 Khobar Towers Bombing Claimants Due \$614 Million, GAO-25-107564, app. IV (2024), (hereinafter “2024 Terrorism Fund Report”), <https://www.gao.gov/assets/gao-25-107564.pdf>.

⁵ Akin performed these services on a *pro bono* basis.

Background

1. 9/11 Victims Compensation Fund

The September 11th VCF was established after the 9/11 terrorist attacks by the Air Transportation Safety and System Stabilization Act, 34 U.S.C. § 20144(c)-(d). The VCF was funded through a federal appropriation and provided compensation to individuals (or a personal representative of a deceased individual) who were present at one of the three crash sites following the attacks. To receive compensation from the VCF, claimants were required to waive any right to file a civil lawsuit against the airlines or related entity including the City of New York and/or the Port Authority of New York /New Jersey, but not against “knowing participants” in the terrorist act, including the terrorists themselves, and state sponsors of terrorism.

2. US Victims of State Sponsored Terrorism (USVSST) Fund

In 2015, Congress established the US Victims of State Sponsored Terrorism (USVSST) Fund (the “Fund”)⁶ to compensate U.S. persons who were injured in acts of international state-sponsored terrorism and hold final Foreign Sovereign Immunities Act judgments against a state sponsor of terrorism. Victims who hold judgments against state sponsors of terrorism⁷ are eligible to apply to be considered for payment by the Fund. These victims also include hostages held in the United States embassy in Iran from 1979 to 1981 and their spouses and children, or personal representative.⁸

The USVSST is intended to be funded primarily by criminal and civil penalties, fines, or forfeiture proceeds collected by the U.S. government from foreign entities that violate U.S. sanctions, primarily those related to Iran. In practice, the USVSST has been largely funded through Congressional appropriations.⁹ The Fund is also intended to be funded by certain assigned assets or proceeds from judgments against certain defendants accused by victims of sponsoring terrorism in the U.S. For example,

⁶ 34 U.S.C. § 20144(d)(4)(A).

⁷ “State sponsors of terrorism are countries determined by the Secretary of State to have repeatedly provided support for acts of international terrorism and are designated pursuant to three laws: section 1754(c) of the National Defense Authorization Act for Fiscal Year 2019, section 40 of the Arms Export Control Act, and section 620A of the Foreign Assistance Act of 1961. See 50 U.S.C. § 4813(c); 22 U.S.C. §§ 2371, 2780. As of December 2023, there are four countries designated under these authorities: Cuba, the Democratic People’s Republic of Korea (North Korea); Iran, and Syria.” U.S. Gov’t Accountability Off., US Victims of State Sponsored Terrorism Fund, Options of Increasing Deposits and Their Potential Impacts, U.S. GAO Report to Congressional Committees (2024) n. 1[hereinafter 2024 GAO Report”], <https://www.gao.gov/assets/gao-24-106863.pdf>.

⁸ Payments from the Fund are made to eligible victims which, in the case of a “1983 Beirut barracks bombing victim” and a “1996 Khobar Towers bombing victim,” includes “a plaintiff, estate or *successor in interest thereof*,” acknowledging that there exists a practice of selling judgments in these cases. 34 U.S.C. § 20144(d)(15)-(16) (emphasis added).

⁹ As of December 31, 2025, \$6.68 billion has been appropriated by Congress for the Fund (including LSCUPs); \$3.64 billion has been deposited from qualifying civil and criminal cases. US Victims of State Sponsored Terrorism Fund, “Fund Balance,” (2025), <https://www.usvsst.com/Home/FundBalance>.

the *650 Fifth Avenue*¹⁰ case and the *Peterson* judgment creditor actions¹¹ are named in the governing statute as potential deposits if the creditors of those actions elect to participate in the Fund. To enhance the Fund and also to qualify for it, various plaintiffs' groups have brought cases against Iran (e.g. *Havlish v. bin Laden*¹²) and other state sponsors of terrorism, including Sudan.¹³

In 2012, a NY federal judge ordered Iran to pay billions in default judgments to families of 9/11 victims, making these families eligible for payments from the Fund that was created in 2015.¹⁴ Thereafter, in early 2016 and before the first round of payment distributions from the Fund, another large set of 9/11 estates was awarded billions of dollars in default judgments against Iran, as well, making them the second set of 9/11 victims who were otherwise eligible for compensation in the USVSST Fund.

However, the Fund initially did not allow for the spouses and children of the 9/11 victims to participate – even though many held final judgments against state sponsors of terrorism as parties to the above referenced actions – if they had accepted payments under the VCF. Because parents and siblings of 9/11 victims were not eligible for compensation from the VCF, they were allowed to join the Fund in the initial rounds.¹⁵ As the Edgeworth Analysis demonstrates, this lack of eligibility for first round payments lead to significant inequities in compensation affecting many surviving spouses and children of the men and women who died or were seriously injured in the 9/11 attacks.

The 466 9/11 claimants eligible for the initial round of distributions from the Fund received 13.7% of their capped compensatory damages.¹⁶ The second round of distributions included an additional 2,870 9/11 claimants, and it paid 4.2% of capped compensatory damages. Non-9/11 claimants received the same payment distributions for these two payment rounds, receiving a total of 17.9% of their eligible damages.

¹⁰ *In re 650 Fifth Ave. and Related Properties*, 777 F. Supp. 2d 529 (S.D.N.Y. 2011) (and later proceedings).

¹¹ *See Bank Markazi v. Peterson*, 578 U.S. 212 (2016) (and related proceedings).

¹² *Havlish v. bin Laden*, No. 03-cv-9848, 2012 WL 11244304 (S.D.N.Y. Oct. 3, 2012) (and later proceedings).

¹³ This was possible due to the Justice Against Sponsors of Terrorism Act of 2016, which amended the Foreign Sovereign Immunities Act to allow victims to sue foreign governments for terrorist acts on US soil. Sudan was removed from the State Sponsor of Terrorism designation on December 14, 2020.

¹⁴ In 2012, the plaintiffs in the *Havlish* case were given final judgments against the Republic of Iran. In 2016, the plaintiffs in *Ashton* also received final judgments against Iran. *See Ashton, et al. v. Al Qaeda Islamic Army, et al.*, No. 1:02-cv-06977 (Sept. 4, 2002, S.D.N.Y.) (consolidated into *In re Terrorist Attacks on September 11, 2001*, 349 F. Supp. 2d 765 (S.D.N.Y. 2005) (and related proceedings). Thereafter, all qualified 9/11 plaintiffs applied for and received partial, final default judgments against the Republic of Iran for its participatory role in the 9/11 attacks.

¹⁵ Spouses, children and estates of those killed in the airplane crashes on 9/11 who sued the airlines and did not join the VCF were able to join the Fund in the first round.

¹⁶ The total distribution was \$1.1 billion, divided by total eligible claims in the Fund. 2024 GAO Report, *supra* note 7, at 11.

When the surviving spouses and children of 9/11 victims were ultimately granted access to the Fund in the third distribution round, the payment percentage had dropped to 0.8% per capped judgment value.¹⁷

What is perhaps most important to understand is the Fund has limited assets. As more eligible claimants are added to it, and as the monies in the Fund are depleted, there is logically less for any one claimant to recover, particularly if they fall into the 9/11 victim category as explained below.

3. Justice for US Victims of State Sponsored Terrorism Clarification Act (2019)

On November 21, 2019, Congress passed the Justice for USVSST Fund Clarification Act which allowed 9/11 victims, surviving spouses, and dependents to receive Fund payments, even if they had received compensation under the VCF.¹⁸

While this provided welcome financial opportunity for spouses and children of 9/11 victims left out of the first distribution rounds of the Fund, the Clarification Act created another compounding disparity. Specifically, the Clarification Act bifurcated distributions under the Fund, designating 50% of the available funds for 9/11-related claimants, and reserving 50% of the available funds for non-9/11 related claimants, including the hostages in the US Embassy in Iran, the victims of the USS Cole bombing, the victims of the East African Embassy Bombings, and the Beirut Embassy and Marines Barracks Bombings, among others.

In the first distribution after the Fund's bifurcation, 9/11 claimants totaled approximately 75% of claimants in the Fund, and non-9/11 claimants totaled approximately only 25% of claimants in the Fund. The statutory language that was added to 34 U.S.C. § 20144 is below:

(d) Payments

(1) To whom made

The Special Master shall order payment from the Fund for each eligible claim of a United States person to that person or, if that person is deceased, to the personal representative of the estate of that person.

(2) Timing of Initial Payments: The Special Master shall authorize all initial payments to satisfy claims under this section not later than 1 year after December 18, 2015

(3)(A): Except as provided in subparagraph (B) and subject to the limitations described in clause (ii), the Special Master shall carry out paragraph (1), by –

¹⁷ Edgeworth Analysis at 6.

¹⁸ In interviews associated with the 2022 Fairness for 9/11 Families Act (discussed, *infra*), members of Congress referred to the USVSST Fund's exclusion of the 9/11 victims' spouses and children in the early rounds as a "mistake" and an "error," such that they should have had access to the funds "from day one." See, e.g., <https://malliotakis.house.gov/media/in-the-news/they-should-have-had-access-funds-day-one-schumer-vows-fight-911-victims> (last visited March 12, 2026).

Dividing all available funds in half and allocating 50 percent of the available funds to non-9/11 related victims of state sponsored terrorism and the remaining 50 percent of the available funds to 9/11 related victims of state sponsored terrorism.

(4) Additional Payments

- *(A) Except as provided in subparagraphs (B), (C), and (D), on January 1 of the second calendar year that begins after the date of initial payments described in paragraph (1) if funds are available in the Fund, **the Special Master shall authorize additional payments on a pro rata basis to those claimants with eligible claims** under subsection (c)(2) and shall authorize additional payments for eligible claims annually thereafter if funds are available in the Fund.*

The Clarification Act also increased the percentage of certain penalties and fines that must be used to finance the Fund from 50% to 75% for civil penalties, and 50% to 100% for criminal penalties.

As demonstrated in the Edgeworth Analysis, the direct result of the bifurcation was that surviving spouses and children of 9/11 victims received a lesser percentage of compensation from the Fund as compared to all non-9/11 victims who are claimants in the Fund.¹⁹

4. Fairness for 9/11 Families Act (2022)

The Fairness for 9/11 Families Act was enacted in 2022 to, in part, appropriate funds for a one-time “catch up” payment to certain eligible 9/11 victims and victims of the Beirut Marine Barracks and 1996 Khobar Tower bombings. According to the Government Accountability Office (GAO), \$2.65 billion was appropriated for eligible 9/11 victims and \$3 billion for the non-9/11 bombing victims.²⁰

The “eligible” 9/11 victims entitled to the one-time catch-up payment were the estates of individuals killed in the 9/11 attacks and their spouses and dependents, including children.

The purpose of these payments was to bring these 9/11 direct heirs to parity with other 9/11 family members (non-heirs) who had received distributions under the Fund in prior rounds. However, despite this legislative fix, many surviving spouses and children were unable to collect their catch-up payments.

¹⁹ Edgeworth Analysis at 9.

²⁰ The Sudan Claims Resolution Act mandated that GAO conduct an audit and calculate LSCUPs for 9/11 victims, 9/11 spouses, and 9/11 dependents “who submitted applications [during the first two rounds of the USVSST Fund] in amounts that, after receiving the lump sum catch-up payments, would result in the percentage of the claims of 9/11 victims, 9/11 spouses, and 9/11 dependents received from the Fund being equal to the percentage of the claims of 9/11 family members received from the Fund, as of December 27, 2020.” 34 U.S.C. § 20144(d)(4)(C)(i). See also Memorandum from Triana McNeil & Jason Bair, U.S. Gov’t Accountability Off., U.S. Victims of State Sponsored Terrorism Fund: Estimated Lump Sum Catch-Up Payments, GAO-21-105306, 7, (2021), <https://www.gao.gov/assets/gao-21-105306.pdf>.

Several factors contributed to this outcome including (i) strict filing deadlines; (ii) limited awareness of the fund; and (iii) the complexity of the application process.

Those families that did receive a “catch up” payment were paid 5.9% of their eligible claims.²¹ But this – compared to those families eligible for payments in the first two rounds of payments from the Fund, who had been paid 17.9% of their eligible claims – still left 9/11 victims’ spouses and children with a 12% shortfall to those in the first two rounds due to their exclusion from the Fund.²²

As a result, while the Fairness Act was a step toward correcting structural inequities, its practical impact was 12% incomplete for the 9/11 estates, spouses, and children. Many of the most directly affected families—those who lost spouses or parents on 9/11—remain undercompensated as compared to all other similarly situated victims’ groups. This gap underscores the need for renewed legislative and administrative action to ensure these 9/11 families receive the justice Congress intended for all U.S. victims of state sponsored terrorism.

Current Fund payment disparities

Currently, as a direct result of the 2019 Clarification Act’s bifurcation, victims of the September 11th terrorist attacks and their families (9/11-related claimants) do not receive equitable payments from the Fund relative to all other eligible claimants, with the average distribution to 9/11-related claimants between 33% and 74% less than the average distribution to non-9/11 claimants in each payment round after the bifurcation of the Fund.²³

For example, in the sixth round of payments, made in January 2026, the percentage of eligible claims being paid to 9/11-related claimants is 1.64%²⁴, while the percentage being paid to non-9/11 related claimants is 5.24% of their eligible claims.²⁵

²¹ Edgeworth Analysis at 8. The value of the catch-up payment for 9/11 victims was 5.9%. The catch-up payment made to the bombing victims in the non-9/11 half of the Fund was 16.0% of their claims.

²² Meanwhile, the Beirut-Khobar victims, who were never excluded from the Fund, and who had elected to not participate in the Fund, were awarded a 16% lump sum payment in the Fairness for 9/11 Families’ Act. Of these new participants considered eligible for the Beirut-Khobar LSCUP, 78 were *Peterson* judgement creditors who elected not to participate in the Fund because they would have been required to assign their interests in the assets at issue in those proceedings to the Fund, “meaning any payments they received in those proceedings would be directed to the Fund, for the benefit of the entire claimant pool.” An additional 1,564 claimants submitted new applications during the Fairness Act window. 2024 Terrorism Fund Report, *supra* note 4, at 8-9.

²³ As of December 2025, the total eligible claimants was 21,723; 9/11 related claimants totaled 12,972; and non-9/11 related claimants totaled 8,756.

²⁴ U.S. Victims of State Sponsored Terrorism Fund, Payment Calculation Explanation for 9/11-Related Claims: Sixth Distribution (2025), https://usvsst.com/Content/Documents/USVSSTFundRound6PaymentCalculation_911_Dec2025.pdf

²⁵ U.S. Victims of State Sponsored Terrorism Fund, Payment Calculation Explanation for Non-9/11-Related Claims: Sixth Distribution (2025), https://usvsst.com/Content/Documents/USVSSTFundRound6PaymentCalculation_Non911_Dec2025.pdf

The USVSST has made the following disbursements to eligible claimants:²⁶

- **Initial/First Round (2017):** \$1.041 billion (this round did not include 9/11 victims' spouses and children, but did include their parents and siblings)
- **Second Round (2019):** \$1.095 billion (this round did not include 9/11 victims' spouses and children, but did include their parents and siblings)
- **Third Round (2020):** \$1.075 billion
- **Fourth Round (2023):** \$100 million
- **Lump Sum Catch-Ups (9/11-related claimants) (2023):** \$2.655 billion
- **Lump Sum Catch-Ups (Beirut-Khobar) (2025):** \$613.6 million
- **Fifth Round (2025):** \$1.035 billion²⁷
- **Sixth Round (2026):** \$2.825 billion.

The USVSST is expected to expire in 2039 and it is estimated that the Fund will pay 9/11 claimants less than 15% of their aggregate eligible claims by the Fund's dissolution. As of the sixth round, meanwhile, in aggregate non-9/11 claimants in the Fund have already reached 15% of their judgment values.²⁸

Potential Resolutions

Several potential resolutions have been identified to address the persistent inequities facing 9/11 victims' surviving spouses and children in the USVSST Fund that was intended and designed to treat all U.S. victims of state sponsored terrorism equitably and fairly with regard to compensation for their tragic losses. These concepts represent starting points for discussion rather than finalized proposals.

- Amend the US Victims of State Sponsored Terrorism Fund's enabling statute to mandate proportional parity for 9/11 claimants;

²⁶ Edgeworth Analysis, Appendix B.

²⁷ No payment was made in 2024 due to insufficient funds available in the Fund.

²⁸ Additional anomalies exist between the 9/11 victims and non-9/11 victims in the Fund. For example, as part of 2022's Fairness for 9/11 Families' Act, the statute was amended to permit for "successors in interest" of the non-9/11 claimants to recover from the Fund, and in particular to be compensated with at 16% Beirut Khobar lump sum payment funded through a \$3 billion appropriation. This accounts for the common practice of certain non-9/11 claimants with judgments selling their collection rights to investors. Reportedly, certain claimants have been offered cash advances to purchase part of their future settlement/award from the Fund while using the Fund as a form of named collateral security.

- Mandate an additional round of catch-up payments for the spouses and children of 9/11 victims who were left out of the original Fund payment rounds; and
- Require DOJ reporting and fund oversight hearings to increase transparency,

One potentially viable path forward is a solution that can command bipartisan and bicameral support, especially given the rapidly approaching 25th anniversary of the 9/11 attacks.

The American Victims of Terrorism Compensation Act (“AVTCA,” [S. 706/H.R.1530](#)) has been introduced in Congress.²⁹ Co-sponsor Sen. Richard Blumenthal (D-CT) stated, “This measure will help ensure victims of state-sponsored terrorism are justly compensated. The existing law is in dire need of an update, as the fund intended for the victims has not achieved its goals. This bill will start to correct course, providing victims of terror with the compensation they deserve and setting up a mechanism to help new victims.” The legislation seeks to require the DOJ to deposit additional funds of \$1.9B+ from the *Binance* settlement into the Fund. It would also require that the Attorney General provide yearly reporting on deposits to the Fund, as well as a GAO report regarding proceeds available for deposit to the Fund dating back to January 1, 2020. The GAO would be required to publish a triennial report regarding sufficiency of funding, analysis of the available funds, and a description of amounts outstanding and unpaid.

Conclusion

Nearly twenty-five years after September 11, surviving spouses and children of those who were killed remain systematically undercompensated within the USVSST Fund. As this paper demonstrates, statutory design choices—particularly early eligibility exclusions, fund bifurcation, and chronic under-resourcing—have produced enduring disparities that continue to disadvantage 9/11 families relative to other victims of state-sponsored terrorism.

Despite congressional efforts to address these inequities, existing reforms have not achieved parity and, absent further action, will leave surviving spouses and children permanently behind when the Fund sunsets in 2039. The data are clear, the inequity is structural, and the solutions are within Congress’s control. Targeted legislative reform is necessary to ensure that surviving spouses and children of September 11 victims are compensated on the same equitable basis Congress intended for all U.S. victims of state-sponsored terrorism.

²⁹ See H.R. 1530, 116th Cong. (2019); S. 706, 116th Cong. (2019).