

## BP Cites New Fraud Allegations in Spill Settlement

MICHAEL KUNZELMAN, Associated Press

NEW ORLEANS (AP) — BP said Monday that it has uncovered new allegations of fraud and conflicts of interest inside the settlement program that has awarded billions of dollars to Gulf Coast businesses and residents for damage from the company's 2010 oil spill in the Gulf of Mexico.

BP attorneys outlined the allegations in a court filing, which asks a federal judge to temporarily suspend settlement payments while former FBI Director Louis Freeh leads an independent investigation of the court-supervised settlement program.

U.S. District Judge Carl Barbier rejected the same request last month, but BP said it only recently learned of new evidence of "more widespread and potentially systemic improprieties" in the program.

Specifically, BP said at least two lawyers who have ruled on appeals of disputed settlement awards were partners at law firms that have represented claimants and filed claims of their own for the firms to be compensated.

BP also said it recently learned of allegations that someone employed by the settlement program at its Mobile, Ala., center helped people submit fraudulent claims in exchange for a portion of the awards.

The settlement program, administered by Lafayette, La.-based attorney Patrick Juneau, suspended that employee and another accused of accessing claims data for the other employee, according to BP.

"A review of simple claims metrics reveals that this disturbing pattern of behavior may extend beyond these two employees, and suggests that such malfeasance indeed may be 'rampant,' at least in the Mobile claims center," company lawyers wrote, noting that office has received more than twice as many claims as any other center.

BP said it learned of the Mobile employees' alleged actions from a tip to its anti-fraud hotline and reported it to Juneau's office on July 18. "As has been the case since day one, we have investigated all allegations brought to our attention, and until our investigation is complete, we will not and should not comment," Juneau said in an emailed statement Monday.

On July 2, Barbier appointed Freeh to investigate possible misconduct by a lawyer who worked on Juneau's staff. Lionel H. Sutton III is accused of receiving a portion of settlement proceeds for claims he referred to a law firm before he went to work for Juneau. Sutton, who resigned from Juneau's staff on June 21, has denied the

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allegations.

At the conclusion of a July 19 hearing, Barbier refused to suspend all settlement payments and said he hasn't seen any evidence of widespread fraud among the tens of thousands of claims.

Within the past week, BP said it discovered that two lawyers who have served as "appeal panelists" for the settlement program apparently had conflicts of interest.

Up to three panelists review any award that BP or claimants appeal. Nearly 3,000 appeals have been filed as of July 29.

Two of the panelists were partners at Louisiana law firms that represented claimants while the partners were serving as panelists, BP said. One of them has left the law firm and opened his own practice but continues to serve as a panelist, BP said. Juneau said he has directed the other panelist to be removed from the rotation, according to BP.

"Each of the incidents that BP now has brought to the Court's attention appears to be a direct product of deficient oversight and internal controls, which make it likely that additional incidents either have occurred or will occur," BP lawyers wrote.

Separately, BP has argued that Barbier and Juneau misinterpreted the settlement terms in a way that could allow businesses to receive billions of dollars for inflated or bogus claims. The company has asked a three-judge panel of the 5th U.S. Circuit Court of Appeals to overturn Barbier's rulings on the matter.

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