

BP Ordered to Pay Settlement Administrator \$130M

MICHAEL KUNZELMAN, Associated Press

NEW ORLEANS (AP) — A federal judge on Wednesday ordered BP to pay more than \$130 million in fees to the court-supervised administrator of its multibillion-dollar settlement with Gulf Coast businesses and residents after the company's 2010 oil spill.

The ruling from U.S. District Judge Carl Barbier comes as BP tries to temporarily block claims payments while former FBI Director Louis Freeh investigates allegations of misconduct by an attorney who worked on the settlement program. BP also has complained of broader problems in the program run by court-appointed claims administrator Patrick Juneau.

The dispute over Juneau's administrative expenses is just the latest chapter in BP's increasingly aggressive campaign to challenge his handling of the claims process. Separately, the company has accused him and Barbier, who is overseeing the oil spill settlement, of misinterpreting the settlement in a manner that could force the company to pay billions of dollars in what it says are inflated and fictitious claims by businesses.

In his ruling Wednesday, Barbier said Juneau needs to submit his budget proposals earlier than he has been. But he concluded that BP's refusal to pay for the settlement program's third-quarter budget wasn't reasonable.

"My primary concern is that we don't allow these issues to cause a shutdown of the claims facility," Barbier said.

His ruling upheld that of U.S. Magistrate Sally Shushan, who earlier Wednesday ordered BP to pay the fees after hearing arguments by a company attorney, Juneau and one of the private plaintiffs' attorneys who brokered the deal. When BP appealed Shushan's decision, Barbier summoned the parties to his courtroom for another hearing.

In a letter Monday, BP claims official Maria Travis said Juneau's office hasn't provided adequate documentation for the money it requested. Travis also alleged that the program has been plagued by poor productivity and excessive costs.

Shushan said that while the dispute over claims documentation was regrettable, there was no way she could cut off funding for administration of the program on such short notice.

"People are dependent. Jobs are dependent. We just can't have that happen," she said.

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Shushan ruled that Juneau must start submitting budget proposals 60 days before the start of a quarter, beginning with his budget for the first quarter of 2014. She also issued an order outlining a process through which BP will be able to review and respond to Juneau's fourth-quarter budget proposal.

BP attorney Keith Moskowitz said it is "patently unreasonable" to expect BP to pay more than \$130 million without a more detailed budget proposal from Juneau. He said the one Juneau submitted in June was "in summary form without any backup."

"That's simply not how budgets are created. That's now how businesses are operated," he told Shushan.

Moskowitz said BP is not trying to shut down the program, but Juneau said the program would be in jeopardy if BP did not cover its expenses. "We've got bills that are due today," he said.

Juneau also defended his operation and claimed BP's characterization of his budget request was distorted.

"We give them what they ask for," he said. "We give it to them in a format they ask for."

In a separate request, BP has asked a second time for Barbier to suspend settlement payments until Freeh's investigation is completed. The federal judge has not yet ruled on that request. Barbier appointed Freeh, now a private consultant, to investigate Lionel H. Sutton III, who resigned from Juneau's office on June 21 after being accused of receiving a portion of settlement proceeds for claims he referred to a law firm before he went to work for Juneau.

In a court filing Monday, BP said there was evidence of additional fraud: The company 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. Juneau's office suspended that employee and a co-worker who allegedly helped that employee access claims data.

Based on the fresh allegations, BP renewed its request to delay claims, which Barbier had previously rejected.

Meanwhile, the parties are awaiting a high-stakes ruling by a three-judge panel of the 5th U.S. Circuit Court of Appeals. Last month, BP asked the panel to overturn Barbier's interpretation of the settlement terms governing payouts to businesses.

Awards to businesses are based on a comparison of their revenues and expenses before and after the spill. BP says a "policy decision" that Juneau announced in January 2013 allows businesses to manipulate those figures in a way that leads to

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errors in calculating their actual lost profits.

Plaintiffs' lawyers, however, claim BP simply undervalued the settlement and underestimated how many claimants would qualify for payments.

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