Budget Cuts Could Impact BP Settlement

Michael Kunzelman, Associated Press

The administrator of BP's settlement with Gulf Coast residents and businesses has asked a federal judge to reject BP's bid to slash his office's budget by at least $25.5 million. Plaintiffs' attorneys who brokered the multibillion-dollar settlement also urged the court to approve a fourth-quarter budget request of $131.2 million for the office of court-appointed claims administrator Patrick Juneau. In separate court filings, Juneau and plaintiffs' lawyers Stephen Herman and James Roy argued that BP is trying to slow or even shut down the settlement process by seeking the budget cuts.

BP attorneys complained in a court filing last week that Juneau's request is excessive and shouldn't be approved. Herman and Roy, however, said the company is trying to distract Juneau and his staff "with burdensome requests while depriving the Program of the administrative funds necessary to efficiently and effectively operate. BP's agreement to fund the program at 'no more than $85.6 million' — a slashing of over one-third of the originally submitted budget — ... is clearly a bad faith attempt by BP to compel layoffs that will slow down, if not cripple, the processing and payment of claims," the lawyers wrote.

Last month, U.S. District Judge Carl Barbier ordered the London-based oil giant to pay more than $130 million for Juneau's third-quarter budget despite the company's objections. Juneau's lawyers said BP's "strident demands for immediate cuts" must be weighed against the negative impact on tens of thousands of claimants still waiting for their claims to be processed from the 2010 spill. "While more efficiency is always desirable, there must be a balance between cutting costs in claims processing and the ultimate goal of bringing this Program to a timely conclusion," they wrote.

BP claims Juneau's office has failed to adequately manage its outside vendors' inflated expenses. Barbier appointed former FBI Director Louis Freeh in July to conduct a broad review of the settlement program, including allegations that a lawyer who worked on Juneau's staff accepted a portion of settlement payments for claims he had referred to a New Orleans law firm. Freeh issued a report earlier this month that cleared Juneau of any wrongdoing and said the investigation found nothing that warranted shutting down payments to victims of the oil spill. But it concluded that top members of his staff engaged in conduct that was improper, unethical and possibly criminal.

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