

CPM Achieves \$102 Million Settlement on Eve of Trial in Whistleblower Case Against BP

01.11.2018

Cotchett, Pitre & McCarthy announced that an agreement was reached in a whistleblower case against BP (formerly British Petroleum) that accuses the oil company of massive overcharging of California cities, counties, universities, and government agencies on purchases of natural gas over the course of the past decade. Under the settlement, BP will pay \$102 million. It is the largest whistleblower settlement in California history involving an oil company. A four week jury trial was set to begin this week in San Francisco.

The lawsuit against BP was filed in July 2012 by a former-employee of BP, Christopher Schroen, under the California False Claims Act. That law allows private citizens to file suit to expose non-public fraud against the government. The California Attorney General's Office joined the case in November 2014.

According to the lead attorney for the whistleblower, Niall P. McCarthy of Cotchett, Pitre & McCarthy: "Fraud against the government is a growth industry. Whistleblowers like Chris Schroen are vital to protecting taxpayers. Not only is BP paying over \$100 million through this settlement, but with the conduct now stopped, taxpayers are saving millions of dollars more every year. While Trump is allowing oil companies to drill off the California coast, this oil company was stopped from drilling California's pocketbook."

As alleged in the lawsuit, BP was the exclusive supplier of hundreds of millions of dollars' worth of natural gas to the State of California. BP's contracts with California contained explicit caps on the amount that BP was permitted charge California for natural gas. In violation of those contractual caps, BP routinely charged California many times the amount that non-governmental customers were charged. The lawsuit further alleged that BP accomplished this scheme by selling California

Attorneys

Niall P. McCarthy

Justin T. Berger

Practice Areas

False Claims / Whistleblower Law

CPM ACHIEVES \$102 MILLION SETTLEMENT ON EVE OF TRIAL IN WHISTLEBLOWER CASE AGAINST BP

exotic financial derivative products.

Under the California False Claims Act, most of the \$102 million settlement will be returned to the California government, and the cities, counties, universities, and agencies that shared the costs of the natural gas. The whistleblower, Schroen, will receive a share of the settlement proceeds as a reward for prosecuting the case.

The \$102 million settlement was reached after years of litigation. Another of Schroen's attorneys, Justin T. Berger of Cotchett, Pitre & McCarthy, stated: "The California False Claims Act was designed to foster successful private-public collaboration of just this type."

Cotchett, Pitre & McCarthy's co-counsel was Steidley & Kelly PLLC of Houston, Texas.

Click on the following links to view the complaint and settlement agreement, and for additional information, please visit: www.cpmlegal.com. For inquiries please contact: Niall P. McCarthy, Cotchett, Pitre & McCarthy, LLP; (650) 697-6000 (o); (650) 245-8035 (c).