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GAO

Report to the Chairman, Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

March 1989

ENERGY MANAGEMENT

States' Use of Oil Overcharge Funds for Legal Expenses

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United States
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Resources, Community, and
Economic Development Division

B-230258

March 21, 1989

The Honorable John D. Dingell
Chairman, Subcommittee on Oversight
and Investigations
Committee on Energy and Commerce
House of Representatives

Dear Mr. Chairman:

As you requested, this report discusses (1) the legal expenses that states incurred in connection with the Exxon, Stripper Well, and Diamond Shamrock oil overcharge cases and (2) whether certain uses of Stripper Well and Diamond Shamrock funds for legal expenses are consistent with the Department of Energy's (DOE) policy and with the requirements of the oil overcharge cases.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Secretary of Energy and other interested parties.

The report was prepared under the direction of Keith O. Fultz, Director, Energy Issues. Other major contributors are listed in appendix IV.

Sincerely yours,

J. Dexter Peach
Assistant Comptroller General

Executive Summary

Purpose

Between March 1986 and March 1988, states received about $3 billion from three oil overcharge cases—the Exxon decision, the Stripper Well settlement, and the Diamond Shamrock settlement—to reimburse customers who were victims of oil overcharges. As requested by the Chairman, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, GAO developed information on the extent to which states have used the funds to pay for the legal expenses incurred in connection with oil overcharge cases. GAO also determined (1) whether states have used Stripper Well and Diamond Shamrock oil overcharge funds to pay for legal expenses associated with the Exxon case and (2) the magnitude of Diamond Shamrock funds that states are using for legal expenses.

Background

The Exxon, Stripper Well, and Diamond Shamrock court cases resulted from actions DOE initiated to resolve alleged violations by crude oil producers of pricing regulations that were in effect between 1973 and 1981. In each of the cases, funds were distributed to the states to provide restitution to parties injured as a result of the oil overpricing.

In addition to DOE's actions to collect the oil overcharges, the states contracted with law firms or outside consulting firms and used their own attorneys general to provide legal support in the oil overcharge proceedings. The Exxon decision did not permit states to use the oil overcharge funds they received from this case to pay for legal services. However, both Stripper Well and Diamond Shamrock settlements allowed states to use these settlement funds for legal expenses.

Results in Brief

As of March 31, 1988, states reported to GAO that they had incurred legal expenses of about $15.4 million on oil overcharge cases. Nearly $11.3 million of these expenses has been or will be paid from Stripper Well and Diamond Shamrock funds, while about $4 million will be paid from state appropriated funds.

DOE has not issued clear and consistent guidance to the states on whether the use of Stripper Well and Diamond Shamrock funds for Exxon legal expenses is allowable. Nineteen states reported to GAO that they had used such funds for Exxon legal expenses. The use of Stripper Well and Diamond Shamrock funds for Exxon legal expenses is not specifically prohibited by either of the settlement agreements.

While states collectively used 9.6 percent of the Diamond Shamrock funds they received for legal expenses, GAO found that 12 states used 46 percent or more of the funds they received for such expenses.

Principal Findings

States' Legal Expenses

Of the $15.4 million in legal expenses states incurred, $13.1 million had been paid and $2.3 million was still owed. Only about $4 million in state-appropriated funds will be used to pay for the legal services. Most of the rest of the expenses—$11.3 million (73 percent)—will be paid for with Stripper Well and Diamond Shamrock funds.

The 49 states that incurred legal expenses used outside law firms, consultants, and their own attorneys general to provide legal services in the oil overcharge cases. Eighty-four percent of the legal expenses ($12.9 million) represents amounts charged by three law firms. Most of the rest ($2.3 million) represents payments to state attorneys general for legal services. The legal services provided included appearing as counsel in hearings, trials, and meetings; filing appeals, pleadings, and motions; coordinating with interested parties; and participating in negotiations on the allocation of oil overcharge funds.

Oil Overcharge Funds Used for Exxon Legal Expenses

While both the Stripper Well and Diamond Shamrock settlements allow states to use funds for legal expenses incurred in other cases, neither specifically discusses whether states may use the funds for legal expenses relating to the Exxon case. Parties involved in the negotiations with whom GAO spoke expressed conflicting viewpoints on whether the settlements were intended to allow such expenditures.

Guidance DOE has provided on this issue has been inconsistent. In November 1986, DOE's Under Secretary issued written guidance to the states that prohibited them from using Stripper Well funds for attorneys' fees or litigation expenses relating to Exxon. However, DOE has not issued specific guidance to the states regarding the use of Diamond Shamrock funds for Exxon legal expenses. Further, in January 1987, the Administrator of DOE's Economic Regulatory Administration signed a memorandum that could be interpreted as allowing states to use Stripper Well and Diamond Shamrock funds for Exxon legal fees. DOE has not sought clarification from the courts on this matter, and GAO found no

support in either the Stripper Well or Diamond Shamrock cases for a prohibition on states' using funds for Exxon legal expenses.

While both the Stripper Well and Diamond Shamrock settlements require states to file annual expenditure reports with DOE, states are not required to identify the cases for which they incurred legal expenses. DOE told GAO that only one state has reported to DOE that it has used Stripper Well or Diamond Shamrock funds for Exxon legal expenses.

Use of Diamond Shamrock Funds for Legal Expenses

DOE negotiators told GAO that in order to settle the Diamond Shamrock case, they allowed the Diamond Shamrock settlement to include provisions that effectively allow states to use all of the funds they received under the case—$48.7 million—for legal expenses. GAO found that 12 states will use 46 percent or more of their Diamond Shamrock funds to pay for legal expenses.

Whereas the Diamond Shamrock funds have been distributed, states' receipt of future crude oil overcharge funds will be governed by provisions of the Stripper Well settlement. The Stripper Well settlement limits states' use of funds for administrative expenses and legal fees to 5 percent of funds received under the Stripper Well settlement.

Recommendation

To resolve past inconsistencies, GAO recommends that the Secretary of Energy direct the Under Secretary to provide clear policy guidance to the states on the use of Stripper Well and Diamond Shamrock funds for Exxon legal expenses.

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Abbreviations

DOE	Department of Energy
ERA	Economic Regulatory Administration
GAO	General Accounting Office

Introduction

Between March 1986 and March 1988 states received about $3 billion from three oil overcharge court cases—the Exxon decision, the Stripper Well settlement, and the Diamond Shamrock settlement. The Exxon decision prohibited states from using the funds they received as a result of that decision for legal expenses associated with the case. However, both the Stripper Well and Diamond Shamrock settlements allowed states to use the funds they received under the settlements for legal expenses associated with oil overcharge cases.

As requested in a letter dated February 8, 1988, from the Chairman, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, we have obtained information on the extent to which states have used oil overcharge funds for legal expenses and have reviewed certain issues relating to states' use of Diamond Shamrock and Stripper Well oil overcharge funds for legal fees. Chapter 1 of this report presents background information on the Exxon, Stripper Well, and Diamond Shamrock oil overcharge cases. Chapter 2 presents information we obtained from the states on their use of oil overcharge funds for legal expenses. Chapter 3 discusses (1) states' use of Stripper Well and Diamond Shamrock oil overcharge funds to pay for legal expenses associated with the Exxon oil overcharge case and (2) states' use of large portions of Diamond Shamrock funds for legal expenses in lieu of using the funds for restitutionary purposes.

Background

To prevent price gouging by domestic crude oil producers and ensure fair allocation of crude oil supplies and petroleum products to all in the marketing chain, the Congress passed the Emergency Petroleum Allocation Act of 1973 (15 U.S.C. 751 et seq.). Regulations applicable to the sale of covered petroleum products were originally issued in August 1973 and expired in January 1981. DOE's Economic Regulatory Administration (ERA) enforced the act's controls on oil companies' allocation and pricing of crude oil and refined petroleum products. When DOE, through audits of oil company records, alleges violations of the allocation and/or pricing regulations, it may negotiate a settlement with the oil company; initiate administrative action separate from, or concurrent with, the settlement negotiations; or initiate legal action in a court of law to resolve the alleged violations.

In addition to DOE's enforcement actions, the states contracted with law firms or outside consulting firms or used their own attorneys general to provide legal support in oil overcharge proceedings. As discussed in this

report, states have used funds they received from the oil overcharge cases to cover the costs of these legal services.

Payment of Legal Expenses From Oil Overcharge Funds

Issues relating to states' use of oil overcharge funds for legal expenses relate primarily to three oil overcharge cases—the Exxon decision, the Stripper Well settlement, and the Diamond Shamrock settlement. As of March 31, 1988, states and territories[1] have received over $3 billion under the three cases. The Exxon decision did not permit states to use Exxon oil overcharge funds for legal expenses, but both the Stripper Well and Diamond Shamrock settlements allowed states to use funds received from the settlements for legal and other administrative expenses.

In the Exxon case, the U.S. District Court for the District of Columbia directed Exxon to pay about $2.1 billion in principal and interest. On March 6, 1986, the funds were distributed to the states. The court directed that the funds be used to provide restitution to parties injured as a result of the oil overcharges. Because such parties were not readily identifiable, states were to use the funds received on five energy assistance/energy conservation programs. The court prohibited states from using any funds received from the Exxon case for administrative (including legal) expenses.

The Stripper Well case, settled in July 1986, in the U.S. District Court for the District of Kansas, resulted in an agreement for the refund of crude oil overcharges to overcharged parties (including the states). As of March 31, 1988, states had received $924.2 million under the Stripper Well settlement. The settlement agreement provided that the states were to use the funds to provide restitution to their citizens and that the states could expend up to 5 percent of the funds for administrative expenses. Administrative expenses were defined to include attorneys' fees, expert witness' fees, contractual obligations, and other related costs incurred in connection with pursuit of the state's alleged crude oil violations claims.

The Diamond Shamrock case, settled in June 1986 in the U.S. District Court for the Southern District of Ohio, Eastern Division, resulted in about $48.7 million being distributed to the states in July and August

[1] In addition to the 50 states and the District of Columbia, 5 U.S. territories or possessions received oil overcharge funds: Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Marianas. For purposes of this report, these 56 entities are collectively referred to as "states."

1986. Similar to Stripper Well, the settlement required states to use the funds on energy assistance/conservation programs to provide restitution to their citizens affected by oil overcharges. However, the provisions relating to the use of funds for administrative expenses differed from the Stripper Well provisions. While the Stripper Well settlement agreement provided that states could use 5 percent of the Stripper Well funds they received for legal and administrative expenses, the Diamond Shamrock stipulation states that:

> ". . . each State shall be entitled to expend for administrative expenses, including the payment or reimbursement of attorneys' fees, expert witness' fees, contractual obligations and other related costs incurred in pursuing the State's claims for these and other crude oil overcharges, up to five percent of the total funds received by such State for these and other crude oil overcharges." [Underscore added for emphasis.]

This provision differs from the Stripper Well provision in that it allows states to use Diamond Shamrock funds for administrative and legal expenses up to an amount equal to 5 percent of the funds they received under both the Diamond Shamrock settlement and other oil overcharge cases. Because of the large amount of funds states have received in other oil overcharge cases, the provision allows states to use all of the Diamond Shamrock funds they received for administrative expenses, including legal expenses.

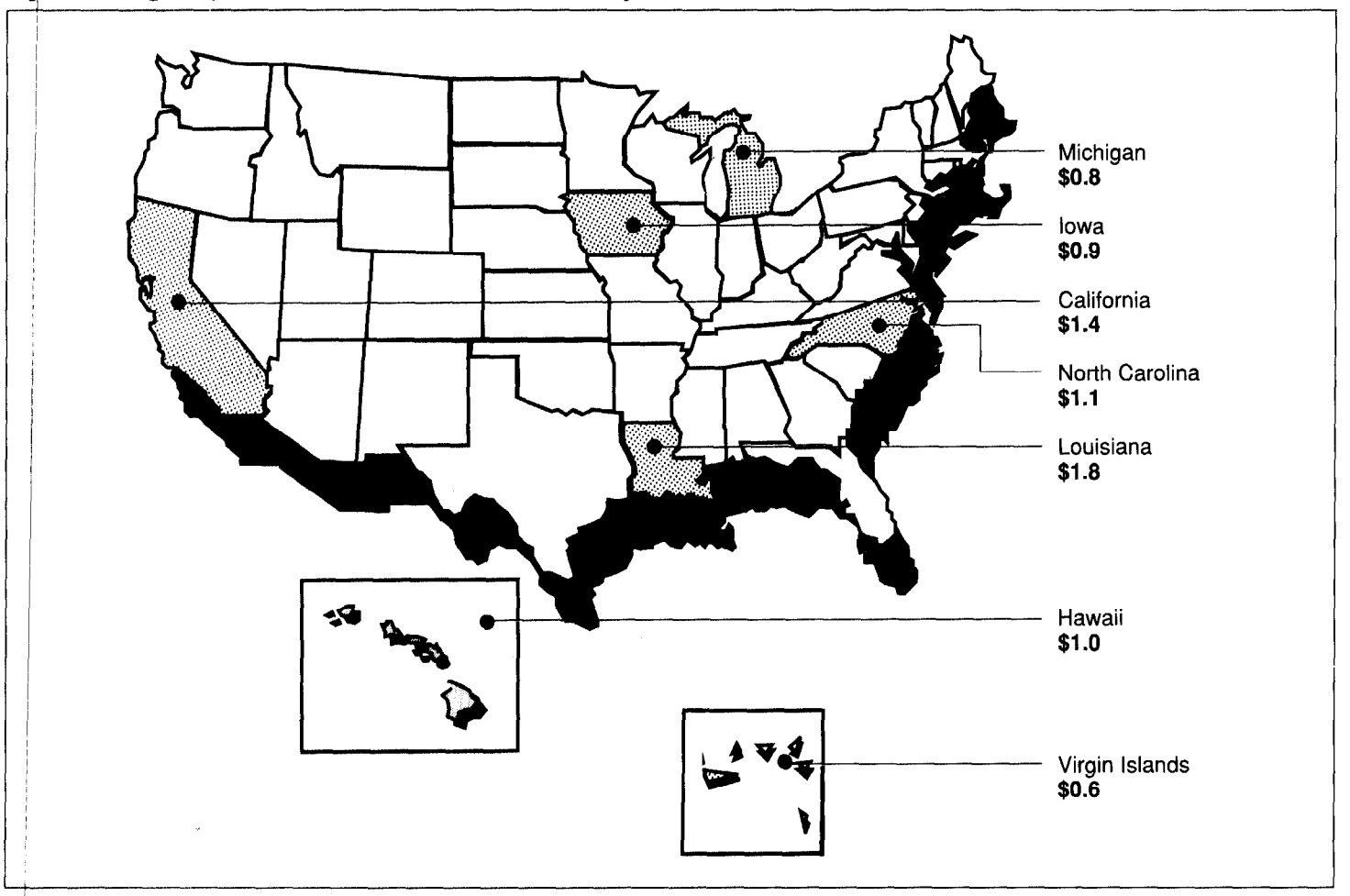
Objectives, Scope, and Methodology

On February 8, 1988, the Chairman, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, requested that we evaluate certain issues related to the payment of legal expenses from Stripper Well and Diamond Shamrock oil overcharge funds. On the basis of the Chairman's request and subsequent discussions with his office, we evaluated

- the extent to which states are using oil overcharge funds for legal expenses (i.e., how many states incurred legal expenses for the oil overcharge cases, the amounts incurred, to whom the funds were paid, and the sources of the funds) and
- two issues relating to states' use of Stripper Well and Diamond Shamrock oil overcharge funds: (1) whether states have used Stripper Well and Diamond Shamrock oil overcharge funds to pay for legal expenses associated with the Exxon case and (2) the magnitude of Diamond Shamrock funds states are using for legal expenses.

We conducted our work at DOE headquarters in Washington, D.C., and in seven states—California, Hawaii, Iowa, Louisiana, Michigan, North Carolina, and the Virgin Islands. They were selected on the basis of the amounts of legal expenses the states incurred or on the percentage of Stripper Well and Diamond Shamrock oil overcharge funds the states had used for legal expenses as of March 31, 1988. Each of the 7 states we selected was among the top 10 in terms of the dollar amounts used for legal expenses. In addition, four of the states selected were among the top eight in terms of the percentage of oil overcharge funds used for legal expenses. In total, the seven states we visited incurred about $7.7 million in legal expenses, or about 50 percent of the total legal expenses incurred by all the states. (See fig. 1.1.)

Figure 1.1: Legal Expenses Incurred as of March 31, 1988, by the Seven States GAO Visited



To determine the extent to which states are using oil overcharge funds for legal expenses, we sent out a list of questions to the 56 states to obtain information on legal expenses incurred and telephoned each to obtain their responses to the questions. We obtained information from all of the 56 states we contacted on their use of oil overcharge funds for legal expenses through March 31, 1988. We compared the information provided against (1) copies of records from banks where the money was deposited to determine how much was paid directly to attorneys for legal expenses and how much was sent to the states and (2) DOE and Inspector General records and reports to determine the amounts of legal expenses reported by the states. We also verified the data provided by the seven states we visited with state records. In addition, we obtained data from DOE on the amounts of oil overcharge money distributed to the states.

To evaluate the two issues relating to states' use of Stripper Well and Diamond Shamrock oil overcharge funds, we:

- Reviewed applicable legislation; the Exxon order, Stripper Well, and Diamond Shamrock agreements; and DOE policies, procedures, regulations, and correspondence.
- Interviewed past and present DOE officials responsible for (1) negotiating the Stripper Well and Diamond Shamrock oil overcharge cases and (2) issuing orders and regulations pertaining to the use of the oil overcharge funds for legal expenses.
- Interviewed DOE Inspector General officials responsible for auditing the use of the oil overcharge funds.
- Interviewed representatives of three law firms that represented the states in the oil overcharge cases. Collectively, these firms received almost $13 million of the $15 million that states reported paying for legal services relating to oil overcharge cases.
- Visited seven states, where we interviewed cognizant state energy and attorney general officials, examined legal records and correspondence pertaining to the cases, obtained copies of states' contracts with attorneys, and reviewed supporting documentation for the states' payments to attorneys for legal expenses.
- Examined DOE procedures for reviewing and monitoring states' expenditures of Stripper Well and Diamond Shamrock funds.
- Examined available expenditure reports prepared by the seven states we visited to determine how they reported expenditures for administrative expenses and legal expenses and compared the information reported with information we obtained from the states.

We discussed information in this report with DOE and state officials and the attorneys who represented the states in the oil overcharge cases and have included their comments where appropriate. However, at the Chairman's request, we did not obtain official agency comments on a draft of this report. Our review was conducted from April to August 1988 in accordance with generally accepted government auditing standards.

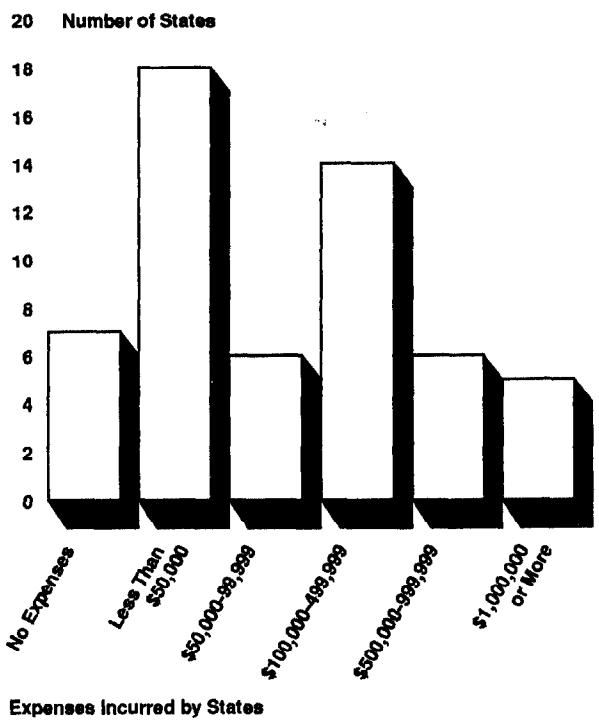
States' Use of Oil Overcharge Funds for Exxon Legal Expenses

Forty-nine states reported that as of March 31, 1988, they had incurred legal expenses in connection with oil overcharge cases. Collectively, these expenses totalled about $15.4 million. The states used Stripper Well and Diamond Shamrock funds for about three-fourths of these legal expenses.

Stripper Well and Diamond Shamrock Funds Used for Legal Expenses

The amount of legal expenses incurred by individual states varied. Of the 49 states that incurred legal expenses, 5 incurred legal expenses of more than $1 million, while 18 states incurred expenses of less than $50,000. Seven states did not incur any legal expenses. (See fig. 2.1.)

Figure 2.1: Legal Expenses Incurred by States



As shown in table 2.1, as of March 31, 1988, the states had paid $13.1 million of the legal expenses incurred and still owed $2.3 million. (A full list of the expenses incurred and the funds used by each state is in app. I.)

Table 2.1: Sources of Funds Used by States for Legal Expenses

Funds used	Amount paid	Amount owed	Total incurred
Stripper Well	$5,149,203	$1,442,450	$6,591,653
Diamond Shamrock	4,466,356	188,818	4,655,174
Other cases	40,561	25,659	66,220
Subtotal	**9,656,120**	**1,656,927**	**11,313,047**
State appropriated	3,334,571	646,309	3,980,880
Federally appropriated	77,237	0	77,237
Total	**$13,067,928**	**$2,303,236**	**$15,371,164**

States will collectively use about $11.3 million in oil overcharge funds (primarily Stripper Well and Diamond Shamrock funds) to pay for about 74 percent of the total of $15.4 million in legal expenses incurred by states. Collectively, 23 states will use about 9.6 percent ($4.7 million) of the $48.7 million they received in Diamond Shamrock funds, and 29 states will use about 0.7 percent ($6.6 million) of the $924.2 million they received in Stripper Well funds for legal expenses. In addition, 24 states will use a total of about $4 million in state-appropriated funds to pay for legal expenses.[1] (A full list of the Diamond Shamrock and Stripper Well funds received by each state and the amounts used for legal expenses is in app. II.)

States Paid Their Own Attorneys and Outside Law Firms for Legal Services

States used outside law firms and consultants or their own attorneys in the oil overcharge cases. Of the $15.4 million in legal expenses incurred by the states, about $12.9 million (or 84 percent) went to three law firms for legal services and $2.3 million (or 15 percent) went to states' attorneys general offices. As shown in table 2.2, three law firms charged 30 states about $12.9 million, or 84 percent of the total legal expenses incurred by all the states. (A list of the amounts paid by each of the states and the payees is shown in app. III.)

[1]Some states used more than one source to pay for legal expenses.

Table 2.2: Amounts Charged to States by Law Firms, Consultants, and Their Own Attorneys (as of Mar. 31, 1988)

Firm name	No. of states[a]	Expenses incurred
Nash, Railsback & Plesser	9	$5,376,402
Dickstein, Shapiro & Morin'	8	5,273,050
Lobel, Novins, Lamont & Flug	15	2,280,553
Subtotal for three law firms		**12,930,005**
Outside consultants and one other law firm	23	128,005[b]
Subtotal for outside firms		**13,058,010**
States attorneys general	15	2,313,154
Total charged	**49**	**$15,371,164**

[a]Forty-nine states incurred legal expenses: 2 used more than 1 law firm; 4 used their own attorneys and outside law firms; and 15 that used either their own attorneys or outside law firms also used consultants'/expert witnesses' services.

[b]$101,513, or 79 percent of this amount, was for Putnam, Hayes and Bartlett for expert witnesses' services.

Beginning in 1981, 30 states had contracts with 3 major law firms. The services generally provided for under the contracts and described to us by the firms' attorneys included appearing as counsel in hearings, trials, meetings, conferences, and proceedings; filing appeals, pleadings, and motions; coordinating with interested parties; and participating in negotiating the allocation of oil overcharge funds. The law firm of Lobel, Novins, Lamont and Flug had contracts with 15 states at an hourly rate. The firm of Nash, Railsback and Plesser had contracts with nine states, and the firm of Dickstein, Shapiro and Morin had contracts with eight states on a contingency fee basis (i.e., the firms would receive a percentage of the oil overcharge funds received by the states they represented). As of March 31, 1988, 26 states had contracts still in effect with the 3 law firms.

As of March 31, 1988, the 3 law firms had charged the 7 states we visited about $6.6 million, or about 51 percent, of the $12.9 million the firms charged all 30 states for legal services. Starting in 1981, two of the states (California and Michigan) contracted with Lobel, Novins, Lamont and Flug on an hourly basis with annual monetary ceilings. As of March 31, 1988, the law firm had charged California $783,566 and Michigan $358,810. In addition, each state paid its own attorney general $543,277 and $452,531, respectively.

Beginning in 1981, two states we visited (Louisiana and Iowa) contracted with Dickstein, Shapiro and Morin for legal services. As of

March 31, 1988, the firm had charged Louisiana $1.85 million and Iowa $883,410.

Beginning in 1983, three states we visited (North Carolina, Hawaii, and the Virgin Islands) contracted with Nash, Railsback and Plesser for legal services on oil overcharge cases. As of March 31, 1988, the firm had charged North Carolina $1.12 million, Hawaii $1.02 million ($810,872 for Exxon), and the Virgin Islands $640,132 for legal expenses incurred. In this regard, Hawaii had used all $334,576 of its Diamond Shamrock funds and $27,102 of its Stripper Well funds for payment of legal fees for the Exxon oil overcharge case. In addition, the state had to request its legislature to appropriate $449,494 to pay the remainder of the legal expenses for the Exxon case.

As of March 31, 1988, the Virgin Islands had spent all of its Diamond Shamrock funds and nearly 4 percent of its Stripper Well funds for payments on contracts for legal services. The Virgin Islands' Energy Director told us that because most of the Virgin Islands' funds that could be used for administrative expenses were used for legal expenses, the territory had to appropriate $100,000 in fiscal year 1988 to administer the conservation/energy assistance programs on which the oil overcharge funds were used. In addition, the director stated that she plans to ask the legislature to appropriate about $118,000 in fiscal year 1989 to administer the energy programs. According to a Virgin Islands Deputy Attorney General, his office was going to attempt to terminate the May 1986 contract with the law firm because any future oil overcharge funds will be needed for administrative purposes other than legal fees.

Officials in the seven states that we visited said they were generally satisfied with the services provided by the outside law firms when considering the total funds states received under the oil overcharge program, including the Exxon case.

DOE Needs to Improve Oversight Over Overcharge Funds Used for Legal Expenditures

Nineteen states told us that they had used some of their Diamond Shamrock or Stripper Well oil overcharge funds for legal expenses associated with the Exxon case. The use of these funds for the Exxon case is not specifically prohibited by the provisions of the Stripper Well or Diamond Shamrock settlements. However, DOE issued guidance to the states in November 1986 which prohibited them from using Stripper Well funds for Exxon legal fees. DOE has not issued any specific guidance to the states on the use of Diamond Shamrock funds for Exxon legal expenses. It has also not taken any action against states that have used Stripper Well or Diamond Shamrock funds for Exxon legal expenses.

In settling the Diamond Shamrock case, DOE agreed to provisions which effectively allowed states to use all the funds they received from this case for legal expenses. Such action seems inconsistent with the primary objective of oil overcharge settlements—to provide restitution to parties injured by the oil overpricing.

States' Use of Oil Overcharge Funds for Exxon Legal Expenses

While both the Stripper Well and the Diamond Shamrock settlements allow states to use funds received for legal expenses on other oil overcharge cases, neither specifically discusses whether states may use funds they received under the settlements for Exxon legal expenses. The July 1986 Stripper Well settlement agreement provides that states can use up to 5 percent of the funds for administrative expenses, including attorneys' fees, expert witnesses' fees, contractual obligations, and other related costs incurred in connection with the "State's Alleged Crude Oil Violations" claims. The settlement agreement defines "State's Alleged Crude Oil Violations" as proceedings involving alleged violations of DOE's price and allocation controls applicable to crude oil. The June 1986 Diamond Shamrock settlement agreement expressly provides that states can use the case's funds for administrative expenses (including legal expenses) for up to 5 percent of the total funds received by the state from the Diamond Shamrock and other crude oil overcharge cases. However, neither settlement specifically discusses whether states may use the funds received for legal services relating to the Exxon case.

On November 18, 1986, DOE's Under Secretary sent a letter to the states which provided guidance on how states could use Stripper Well funds. The guidance prohibited states from using Stripper Well funds for attorneys' fees or litigation expenses relating to the Exxon case. The letter stated that DOE was interpreting the Stripper Well settlement agreement in a manner which was consistent with a June 1986 order issued by the judge who decided the Exxon case. In the June 1986 order, the judge

denied the states' requests to use a portion of the Exxon case funds for administrative expenses, including attorneys' expenses. The judge noted that such a restriction was consistent with restrictions in federal legislation that had distributed oil overcharge funds to the states.[1]

DOE officials told us that DOE has not issued any guidance to the states on whether they may use Diamond Shamrock funds for such expenses.[2] The officials also stated that DOE has not decided what action it would take should it determine that states had used Stripper Well or Diamond Shamrock funds for Exxon legal expenses. They said that the action taken would depend on the specific circumstances which existed. In this regard, we were informed that DOE's Office of General Counsel was reluctant to advance a litigation position on states' use of Stripper Well funds for Exxon legal expenses in the absence of documented circumstances on which to base an opinion. With regard to Diamond Shamrock funds, the Acting Administrator of ERA told us that while DOE has not formally considered what action it would take if it learned that states had used Diamond Shamrock funds for Exxon legal expenses, a predecisional memorandum prepared by ERA staff recommended that no action be taken to challenge such expenditures.

DOE requires states to file annual expenditure reports for both Stripper Well and Diamond Shamrock funds. DOE uses these reports to oversee the states' use of the funds, including the use of funds for administrative and legal expenses. However, the states are not required to identify the oil overcharge cases on which legal expenses were incurred. In a December 22, 1988, letter, DOE's Assistant Secretary for Conservation and Renewable Energy told us that DOE was in the process of reviewing expenditure reports filed by the states. The letter stated that none of the reports DOE had reviewed showed expenditures of Stripper Well funds for Exxon legal fees and only one state report showed the expenditure of Diamond Shamrock funds for Exxon legal expenses.

[1]Section 155 of P.L. 97-377 (Dec. 21, 1982—the Warner Amendment). The procedures and terms and conditions of this legislation were adopted by the Exxon judge, but the legislation was not directly applicable to the Exxon case.

[2]The officials we spoke with concerning this matter included the current Administrator, ERA; ERA's Chief Counsel; the former Special Assistant to the Under Secretary (Legal Services); and the Principal Deputy Solicitor, ERA, who signed the Diamond Shamrock agreement.

Nineteen States Reported Using Oil Overcharge Funds for Exxon Legal Fees

Nineteen states we contacted reported that they had used either Stripper Well or Diamond Shamrock funds to pay either law firms or their attorneys general for legal services relating to the Exxon case. Eleven states reported using Stripper Well funds, and 16 reported using Diamond Shamrock funds for such expenses. We could not determine from the information provided the total amount of funds these states spent on Exxon legal expenses. In addition, we could not determine from the billings and other payment data the total amount of funds the seven states we visited used for Exxon legal expenses. However, as shown in table 3.1, we were able to determine that four of the seven states we visited collectively spent over $900,000 in Diamond Shamrock funds and over $50,000 in Stripper Well funds on Exxon legal expenses. Hawaii and the Virgin Islands used all of their Diamond Shamrock funds for legal expenses on the Exxon case.

Table 3.1: Legal Expenses Paid on the Exxon Case

	Diamond Shamrock			Stripper Well		
State	Funds received	Expenses paid	Percent used	Funds received	Expenses paid	Percent used
Calif.	$4,457,833	(a)	(a)	$84,608,251	(a)	(a)
Hawaii	334,582	$334,576	100	6,350,289	27,102	0.4
Iowa	634,489	128,490	20	12,042,572	8,482	.07
La.	1,158,277	240,271	21	21,893,855	15,940	.07
Mich.	1,659,200	(a)	(a)	31,491,142	(a)	(a)
N.C.	1,092,960	0	0	20,744,130	0	.00
V.I.	225,259	225,259	100	4,275,374	0	.00
Total	**$9,562,600**	**$928,596**		**$181,405,613**	**$51,524**	

[a]Amount for Exxon case not identifiable.

Disagreement Exists on Whether the Settlements Allow Funds to Be Used for Exxon Legal Fees

Attorneys' for three law firms that represented 30 states in oil overcharge cases and DOE officials involved in the Stripper Well and Diamond Shamrock settlements expressed conflicting views on whether the settlements allow states to use funds they received for Exxon legal fees. Attorneys from the three firms told us that they interpret both the Diamond Shamrock and Stripper Well settlement agreements as allowing states to use funds from these two cases for legal expenses on other oil overcharge cases, including the Exxon case. They said that this was their understanding throughout the negotiations of both the Stripper Well and Diamond Shamrock cases.

In this regard, one of the firm's attorneys, after reading a draft of the DOE Under Secretary's November 1986 letter precluding states' use of

Stripper Well funds for Exxon legal expenses, asked the then Administrator of DOE's ERA to sign a memorandum of understanding relating to the use of funds for legal fees. The administrator signed such a memorandum in January 1987. The memorandum did not specifically discuss legal fees relating to the Exxon case, but acknowledged that throughout the settlement negotiations for the Stripper Well and Diamond Shamrock cases, ERA officials were aware (1) that some states intended to use a portion of the funds to pay for legal expenses for other oil overcharge cases and (2) that such action was consistent with the court orders for the two cases. The ERA Administrator resigned his post in December 1987.

In our discussion with the former ERA Administrator, he said that in signing the memorandum, he was only acknowledging what the states were going to do and he was not necessarily approving or disapproving the states' proposed use of the funds. He said all parties understood that states could not use Stripper Well funds to pay for Exxon legal expenses. However, he admitted that a reader could interpret the memorandum to mean that states could use both the Diamond Shamrock and Stripper Well funds for payment of legal expenses, for not only those two cases, but for all other oil overcharge cases, including Exxon.

The former ERA Administrator, the former ERA chief negotiator, and the former Special Assistant to the Under Secretary (who participated in the Stripper Well and Diamond Shamrock negotiations) all agreed that the Stripper Well settlement agreement did not expressly preclude states from paying Exxon legal expenses from the Stripper Well funds. However, they stated that as indicated in the DOE Under Secretary's November 18, 1986 letter, it was their understanding throughout the negotiations that states should not use Stripper Well funds to pay for Exxon legal expenses.

On the other hand, the former ERA Administrator and the former ERA chief negotiator said that they understood during the Diamond Shamrock negotiations that Diamond Shamrock funds could be used by states to pay legal expenses for that case and other oil overcharge cases, including the Exxon case. However, the former Special Assistant to the Under Secretary said that it was his understanding that neither the Diamond Shamrock nor Stripper Well case funds should be used for payment of Exxon legal expenses. However, he stated that the use of Diamond Shamrock funds for Exxon legal fees was not raised in the settlement negotiations. DOE has not sought clarification from the courts on this issue.

As discussed above, neither the Stripper Well or Diamond Shamrock settlement specifically prohibits states from spending settlement funds for legal fees incurred in other cases, including Exxon. The judges in these two cases were not obligated to adopt the provision in the Exxon decision prohibiting the use of oil overcharge funds for Exxon legal expenses and, apparently, neither judge chose to do so. We are also unable to find support in either the Exxon, Stripper Well, or Diamond Shamrock cases for a prohibition on states using Stripper Well or Diamond Shamrock funds for Exxon legal expenses. Accordingly, DOE needs to obtain clarification and reconsideration from the courts if it wishes to influence whether Stripper Well or Diamond Shamrock funds are used for Exxon legal expenses.

Diamond Shamrock Provisions Allowed States to Divert Funds From Restitutionary Purposes

The Diamond Shamrock court order provided that states use the money received from the case to fund energy-related restitutionary programs designed to benefit all categories of consumers of petroleum products within the state. However, as discussed in chapter 1, the Diamond Shamrock settlement agreement also allowed the states to use the oil overcharge funds for paying legal expenses equal to 5 percent of the funds received from the Diamond Shamrock and other oil overcharge cases.

As a result of the Diamond Shamrock provisions, 12 states used 46 percent or more of their Diamond Shamrock funds to pay legal expenses on oil overcharge cases instead of using the funds for restitutionary purposes. Four of the 12 states—Guam, Hawaii, Nevada, and the Virgin Islands—used all of their Diamond Shamrock funds for the payment of legal expenses. As shown in appendix II, all 56 states collectively used about 9.6 percent of the Diamond Shamrock funds they received for legal expenses.[3]

Why DOE Agreed to the Provisions

Two former DOE officials involved in the Diamond Shamrock negotiations that we contacted said they agreed to the provisions on administrative expenses as a way to settle the Diamond Shamrock and Stripper Well cases. DOE's Chief Negotiator for the Stripper Well case told us that he had offered this arrangement on Diamond Shamrock to states' representatives and counsel in order to gain their support for the proposed Stripper Well settlement and to get the states not to intervene in the

[3]Collectively, the 56 states used about 1.2 percent of the Diamond Shamrock and Stripper Well funds they received for legal expenses.

Diamond Shamrock case. In this regard, he told the states that he knew they were looking for a way to pay their legal fees and that he would not object to a provision in the Diamond Shamrock case such as the one that was approved. He also told us that because the judge presiding over the case was new and was not familiar with the Exxon and Stripper Well cases, he believed that such a provision was likely to be approved. According to the former ERA Administrator, DOE knew that some states were going to use the Diamond Shamrock funds to pay their legal expenses on other oil overcharge cases because of problems state attorneys general would have in getting state legislatures to appropriate state funds to cover the expenses. He also said that he knew the states were looking for a way to get the legal expenses paid and that he also agreed not to object to the provisions on administrative expenses in order to consummate the agreements.

The Principal Deputy Solicitor that signed the Diamond Shamrock agreement for DOE said that he received a settlement package on the case from the DOE negotiators. He said that no one mentioned to him whether or not the settlement allowed states to use the case's funds for payment of legal fees on other oil overcharge cases, including the Exxon case. He was primarily concerned with the provisions on the division of the funds among the parties involved in the case, he said. Comparatively, he considered the provisions on the payment of legal fees to be a minor issue.

DOE Actions to Limit Legal Expenditures in Future Cases

ERA's Chief Counsel told us that the Stripper Well agreement provided for the establishment of a parallel policy for future crude oil overcharge cases which applies to and will be followed in such cases. As discussed earlier, the Stripper Well provisions allow states to spend up to 5 percent of the funds received under the Stripper Well settlement for administrative expenses, including legal fees. Thus, expenditures on legal fees will be more limited than they were under the Diamond Shamrock provisions. The Chief Counsel said that modification of the Stripper Well agreement would require approval by the Stripper Well judge, probably in the face of vehement objections by various states.[4]

Conclusions

DOE has not provided clear and consistent guidance to the states regarding the use of Stripper Well and Diamond Shamrock funds for Exxon

[4]As of March 1988, ERA estimated that it would collect an additional $850 million in oil overcharge funds.

legal expenses. Both the Stripper Well and Diamond Shamrock agreements, which DOE was involved in negotiating, allow states to use the funds they received for legal expenses relating to other oil overcharge cases, although neither specifically discusses the use of funds for legal expenses associated with the Exxon case. While DOE issued guidance to the states in November 1986, prohibiting them from using Stripper Well funds for Exxon legal expenses, a January 1987 memorandum signed by the ERA Administrator could be interpreted as allowing such expenses. DOE has not provided any specific guidance to the states regarding the use of Diamond Shamrock funds for Exxon legal expenses. Further, the annual expenditure reports DOE uses to oversee states' use of Stripper Well and Diamond Shamrock funds do not require states to report the cases on which legal fees have been incurred. While DOE told us that only one state had reported using Stripper Well or Diamond Shamrock funds for Exxon legal fees, we found that 19 states had used either Stripper Well or Diamond Shamrock funds for that purpose.

We could not find support in either the Exxon, Stripper Well, or Diamond Shamrock cases for a prohibition on states' using Stripper Well or Diamond Shamrock funds for Exxon legal expenses. DOE has not sought clarification from the Stripper Well or Diamond Shamrock courts on this matter.

In settling the Diamond Shamrock case, DOE concurred with provisions which effectively allow states to use all of their Diamond Shamrock funds for legal expenses. According to DOE officials involved in the negotiations, this was done in an effort to settle the Stripper Well and Diamond Shamrock cases. Because future settlements of crude oil overcharge cases are to be governed by the Stripper Well provisions, which limit expenditures for administrative expenses to 5 percent of the funds each state receives under the settlement, it appears likely that this situation will not be repeated.

Recommendation

To resolve past inconsistencies, we recommend that the Secretary of Energy direct the Under Secretary to provide clear policy guidance to the states on the use of Stripper Well and Diamond Shamrock funds for Exxon legal expenses.

Funds Used by States for Legal Expenses on Oil Overcharge Cases (as of March 31, 1988)

State	Stripper Well	Diamond Shamrock	Other cases	State appropriated	Federal appropriated	Total
Alabama	$0	$127,462	$0	$0	$0	**$127,462**
Alaska	0	0	0	0	0	**0**
American Samoa	0	0	0	0	0	**0**
Arizona	502	0	0	0	0	**502**
Arkansas	592,266	289,798	0	0	0	**882,064**
California	99,014	200,000	0	1,087,829	0	**1,386,843**
Colorado	0	13,230	0	0	7,734	**20,964**
Connecticut	16,000	1,504	0	74,000	0	**91,504**
Delaware	203,932	132,236	0	0	0	**336,168**
Dist. of Columbia	371	0	0	0	0	**371**
Florida	0	0	0	0	0	**0**
Georgia	0	0	0	7,278	0	**7,278**
Guam	64,338	71,760	0	86,758	0	**222,856**
Hawaii	232,233	334,576	0	452,494	0	**1,019,303**
Idaho	25,360	0	0	0	0	**25,360**
Illinois	667,123	462,254	0	0	0	**1,129,377**
Indiana	0	0	0	200,000	0	**200,000**
Iowa	517,665	365,745	0	0	0	**883,410**
Kansas	87,393	0	0	0	0	**87,393**
Kentucky	0	0	0	4,126	0	**4,126**
Louisiana	955,461	675,816	0	215,893	0	**1,847,170**
Maine	0	0	0	662	0	**662**
Maryland	0	0	1,400	137,359	0	**138,759**
Massachusetts	0	150,000	0	0	0	**150,000**
Michigan	728,349	82,992	0	0	0	**811,341**
Minnesota	1,491	0	0	371	69,503	**71,365**
Mississippi	0	0	0	35,138	0	**35,138**
Missouri	8,429	0	0	0	0	**8,429**
Montana	397	0	0	0	0	**397**
Nebraska	73,660	0	0	0	0	**73,660**
Nevada	0	200,000	0	219,182	0	**419,182**
New Hampshire	0	0	0	0	0	**0**
New Jersey	0	0	0	0	0	**0**
New Mexico	544	0	0	37,000	0	**37,544**
New York	0	0	0	231,494	0	**231,494**
North. Mari. Is.	0	0	0	0	0	**0**
North Carolina	1,116,763	0	0	0	0	**1,116,763**
North Dakota	191,166	102,921	0	0	0	**294,087**
Ohio	126,884	26,942	0	9,597	0	**163,423**

(continued)

State	Stripper Well	Diamond Shamrock	Other cases	State appropriated	Federal appropriated	Total
Oklahoma	0	0	0	0	0	**0**
Oregon	0	277,888	0	0	0	**277,888**
Pennsylvania	0	0	0	821,850	0	**821,850**
Puerto Rico	924	0	0	2,000	0	**2,924**
Rhode Island	157,416	109,033	0	0	0	**266,449**
South Carolina	0	0	0	1,066	0	**1,066**
South Dakota	16,218	0	0	11,532	0	**27,750**
Tennessee	0	0	0	17,652	0	**17,652**
Texas	0	505,000	0	0	0	**505,000**
Utah	181,560	59,688	0	29,905	0	**271,153**
Vermont	0	0	0	9,600	0	**9,600**
Virginia	0	58,155	0	0	0	**58,155**
Virgin Islands	164,914	225,259	64,820	185,139	0	**640,132**
Washington	49,477	0	0	0	0	**49,477**
West Virginia	311,803	182,915	0	0	0	**494,718**
Wisconsin	0	0	0	86,593	0	**86,593**
Wyoming	0	0	0	16,362	0	**16,362**
Total	**$6,591,653**	**$4,655,174**	**$66,220**	**$3,980,880**	**$77,237**	**$15,371,164**

Diamond Shamrock and Stripper Well Funds Used by States for Legal Expenses (as of March 31, 1988)

	Diamond Shamrock			Stripper Well			Diamond Shamrock and Stripper Well		
State	Funds received	Legal fees	Percent	Funds received	Legal fees	Percent	Funds received	Legal fees	Percent
Alabama	$747,244	$127,462	17.06	14,182,465	$0	0.00	$14,929,709	$127,462	0.85
Alaska	188,410	0	0.00	3,576,097	0	0.00	3,764,506	0	0.00
American Samoa	8,665	0	0.00	164,609	0	0.00	173,274	0	0.00
Arizona	499,504	0	0.00	9,480,452	502	0.01	9,979,956	502	0.01
Arkansas	619,685	289,798	46.77	11,761,597	592,266	5.04	12,381,283	882,064	7.12
California	4,457,833	200,000	4.49	84,608,251	99,014	0.12	89,066,084	299,014	0.34
Colorado	523,588	13,230	2.53	9,937,656	0	0.00	10,461,244	13,230	0.13
Connecticut	826,974	1,504	0.18	15,695,864	16,000	0.10	16,522,838	17,504	0.11
Delaware	231,193	132,236	57.20	4,388,048	203,932	4.65	4,619,241	336,168	7.28
Dist. of Columbia	116,322	0	0.00	2,207,788	371	0.02	2,324,109	371	0.02
Florida	2,249,899	0	0.00	42,702,387	0	0.00	44,952,286	0	0.00
Georgia	1,084,400	0	0.00	20,581,652	0	0.00	21,666,051	0	0.00
Guam	71,760	71,760	100.00	1,362,034	64,338	4.72	1,433,794	136,098	9.49
Hawaii	334,582	334,576	100.00	6,350,289	232,233	3.66	6,684,871	566,809	8.48
Idaho	199,849	0	0.00	3,793,218	25,360	0.67	3,993,067	25,360	0.64
Illinois	2,236,664	462,254	20.67	42,451,197	667,123	1.57	44,687,861	1,129,377	2.53
Indiana	1,199,486	0	0.00	22,765,954	0	0.00	23,965,440	0	0.00
Iowa	634,489	365,745	57.64	12,042,572	517,665	4.30	12,677,061	883,410	6.97
Kansas	545,886	0	0.00	10,360,864	87,393	0.84	10,906,750	87,393	0.80
Kentucky	624,211	0	0.00	11,847,337	0	0.00	12,471,548	0	0.00
Louisiana	1,158,277	675,816	58.35	21,983,855	955,461	4.35	23,142,132	1,631,277	7.05
Maine	357,972	0	0.00	6,794,325	0	0.00	7,152,297	0	0.00
Maryland	871,890	0	0.00	16,548,296	0	0.00	17,420,186	0	0.00
Massachusetts	1,666,990	150,000	9.00	31,639,052	0	0.00	33,306,043	150,000	0.45
Michigan	1,659,200	82,992	5.00	31,491,142	728,349	2.31	33,150,341	811,341	2.45
Minnesota	845,009	0	0.00	16,038,100	1,491	0.01	16,883,109	1,491	0.01
Mississippi	664,960	0	0.00	12,620,841	0	0.00	13,285,801	0	0.00
Missouri	961,487	0	0.00	18,248,718	8,429	0.05	19,210,206	8,429	0.04
Montana	220,401	0	0.00	4,183,272	397	0.01	4,403,673	397	0.01
Nebraska	359,096	0	0.00	6,815,548	73,660	1.08	7,174,643	73,660	1.03
Nevada[a]	197,239	200,000	101.40	3,743,674	0	0.00	3,940,913	200,000	5.07
New Hampshire	226,949	0	0.00	4,307,556	0	0.00	4,534,505	0	0.00
New Jersey	1,797,598	0	0.00	34,117,884	0	0.00	35,915,481	0	0.00
New Mexico	318,982	0	0.00	6,054,314	544	0.01	6,373,296	544	0.01
New York	3,770,771	0	0.00	71,567,974	0	0.00	75,338,745	0	0.00
North. Mari. Is.	4,478	0	0.00	85,144	0	0.00	89,622	0	0.00

(continued)

	Diamond Shamrock			Stripper Well			Diamond Shamrock and Stripper Well		
State	Funds received	Legal fees	Percent	Funds received	Legal fees	Percent	Funds received	Legal fees	Percent
North Carolina	1,092,960	0	0.00	20,744,130	1,116,763	5.38	21,837,090	1,116,763	5.11
North Dakota	178,475	102,921	57.67	3,387,596	191,166	5.64	3,566,072	294,087	8.25
Ohio	1,829,835	26,942	1.47	34,729,741	126,884	0.37	36,559,577	153,826	0.42
Oklahoma	601,420	0	0.00	11,414,883	0	0.00	12,016,303	0	0.00
Oregon	482,689	277,888	57.57	9,161,413	0	0.00	9,644,102	277,888	2.88
Pennsylvania	2,267,308	0	0.00	43,032,811	0	0.00	45,300,119	0	0.00
Puerto Rico	463,903	0	0.00	8,804,754	924	0.01	9,268,657	924	0.01
Rhode Island	193,063	109,033	56.48	3,664,467	157,416	4.30	3,857,530	266,449	6.91
South Carolina	580,552	0	0.00	11,018,701	0	0.00	11,599,252	0	0.00
South Dakota	174,111	0	0.00	3,304,705	16,218	0.49	3,478,816	16,218	0.47
Tennessee	787,912	0	0.00	14,954,426	0	0.00	15,742,337	0	0.00
Texas	3,592,604	505,000	14.06	68,186,434	0	0.00	71,779,038	505,000	0.70
Utah	287,273	59,688	20.78	5,452,533	181,560	3.33	5,739,806	241,248	4.20
Vermont	116,540	0	0.00	2,212,046	0	0.00	2,328,587	0	0.00
Virginia	,249,755	58,155	4.65	23,720,076	0	0.00	24,969,831	58,155	0.23
Virgin Islands	225,259	225,259	100.00	4,275,374	164,914	3.86	4,500,632	390,173	8.67
Washington	743,643	0	0.00	14,114,209	49,477	0.35	14,857,852	49,477	0.33
West Virginia	291,026	182,915	62.85	5,523,652	311,803	5.64	5,814,677	494,718	8.51
Wisconsin	856,791	0	0.00	16,261,731	0	0.00	17,118,522	0	0.00
Wyoming	198,569	0	0.00	3,768,913	0	0.00	3,967,482	0	0.00
Total	**$48,695,631**	**$4,655,174**	**9.56**	**$924,232,619**	**$6,591,653**	**0.71**	**$972,928,250**	**$11,246,827**	**1.16**

[a]Interest earned on Diamond Shamrock funds was also used to pay legal expenses.

Legal Expenses Incurred by States on Oil Overcharge Cases (as of March 31, 1988)

State	Dickstein Shapiro & Morin	Nash Railsback & Plesser	Lobel Novins Lamont & Flug	State Attorneys General	Putnam Hayes & Bartlett	Other Expenses[a]	Total
Alabama	$0	$0	$0	$127,462	$0	$0	**$127,462**
Alaska	0	0	0	0	0	0	**0**
American Samoa	0	0	0	0	0	0	**0**
Arizona	0	0	0	0	502	0	**502**
Arkansas	879,895	0	0	1,799	0	370	**882,064**
California	0	0	783,566	543,277	60,000	0	**1,386,843**
Colorado	0	0	0	20,964	0	0	**20,964**
Connecticut	0	0	90,000	0	1,504	0	**91,504**
Delaware	336,168	0	0	0	0	0	**336,168**
District of Columbia	0	0	0	0	0	371	**371**
Florida	0	0	0	0	0	0	**0**
Georgia	0	0	0	0[a]	0	7,278	**7,278**
Guam	0	222,856	0	0	0	0	**222,856**
Hawaii	0	1,016,303	0	0	0	3,000	**1,019,303**
Idaho	0	0	25,000	0	360	0	**25,360**
Illinois	0	996,084	108,293	0	25,000	0	**1,129,377**
Indiana	0	0	200,000	0	0	0	**200,000**
Iowa	883,410	0	0	0	0	0	**883,410**
Kansas	0	86,430	0	0	963	0	**87,393**
Kentucky	0	0	0	0	0	4,126	**4,126**
Louisiana	1,847,170	0	0	0	0	0	**1,847,170**
Maine	0	0	0	0	662	0	**662**
Maryland	0	0	137,359	0	1,400	0	**138,759**
Massachusetts	0	0	0	150,000	0	0	**150,000**
Michigan	0	0	358,810	452,531	0	0	**811,341**
Minnesota	0	0	0	64,527	1,862	4,976	**71,365**
Mississippi	0	0	35,138	0	0	0	**35,138**
Missouri	0	0	0	7,463	966	0	**8,429**
Montana	0	0	0	0	397	0	**397**
Nebraska	0	72,694	0	0	966	0	**73,660**
Nevada	0	419,182	0	0	0	0	**419,182**
New Hampshire	0	0	0	0	0	0	**0**
New Jersey	0	0	0	0	0	0	**0**
New Mexico	0	0	0	37,000	544	0	**37,544**
New York	0	0	231,494	0	0	0	**231,494**
Northern Mariana Is	0	0	0	0	0	0	**0**
North Carolina	0	1,116,763	0	0	0	0	**1,116,763**

(continued)

State	Dickstein Shapiro & Morin	Nash Railsback & Plesser	Lobel Novins Lamont & Flug	State Attorneys General	Putnam Hayes & Bartlett	Other Expenses[a]	Total
North Dakota	294,087	0	0	0	0	0	**294,087**
Ohio	0	0	163,423	0	0	0	**163,423**
Oklahoma	0	0	0	0	0	0	**0**
Oregon	0	0	0	277,888	0	0	**277,888**
Pennsylvania	0	805,958	15,892	0	0	0	**821,850**
Puerto Rico	0	0	0	0	924	2,000	**2,924**
Rhode Island	266,449	0	0	0	0	0	**266,449**
South Carolina	0	0	0	0	1,066	0	**1,066**
South Dakota	0	0	27,750	0	0	0	**27,750**
Tennessee	0	0	0	11,833	1,448	4,371	**17,652**
Texas	0	0	0	505,000	0	0	**505,000**
Utah	271,153	0	0	0	0	0	**271,153**
Vermont	0	0	2,400	7,200	0	0	**9,600**
Virginia	0	0	0	58,155	0	0	**58,155**
Virgin Islands	0	640,132	0	0	0	0	**640,132**
Washington	0	0	0	48,055	1,422	0	**49,477**
West Virginia	494,718	0	0	0	0	0	**494,718**
Wisconsin	0	0	85,066	0	1,527	0	**86,593**
Wyoming	0	0	16,362	0	0	0	**16,362**
Total	**$5,273,050**	**$5,376,402**	**$2,280,553**	**$2,313,154**	**$101,513**	**$26,492**	**$15,371,164**

[a]Includes expenses for expert witnesses, consultants and one other law firm.

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