

Press Release

SEC Charges Former BP Employee with Insider Trading During the Deepwater Horizon Oil Spill

FOR IMMEDIATE RELEASE

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Washington D.C., April 17, 2014— The Securities and Exchange Commission today charged a former 20-year employee of BP p.l.c. and a senior responder during the 2010 Deepwater Horizon oil spill with insider trading in BP securities based on confidential information about the magnitude of the disaster. The price of BP securities fell significantly after the April 20, 2010 explosion on the Deepwater Horizon rig, and the subsequent oil spill in the Gulf of Mexico, resulted in an extensive clean-up effort.

According to the SEC's complaint, filed in U.S. District Court for the Eastern District of Louisiana, BP tasked Keith A. Seilhan with coordinating BP's oil collection and clean-up operations in the Gulf of Mexico and along the coast. Seilhan, an experienced crisis manager, directed BP's oil skimming operations and its efforts to contain the expansion of the oil spill. The complaint alleges that within days, Seilhan received nonpublic information on the extent of the evolving disaster, including oil flow estimates and data on the volume of oil floating on the surface of the Gulf.

"Seilhan sold his family's BP securities after he received confidential information about the severity of the spill that the public didn't know," said Daniel M. Hawke, chief of the Division of Enforcement's Market Abuse Unit. "Corporate insiders must not misuse the material nonpublic information they receive while responding to unique or disastrous corporate events, even where they stand to suffer losses as a consequence of those events."

The complaint alleges that by April 29, 2010, in filings to the SEC, BP estimated that the flow rate of the spill was up to 5,000 barrels of oil per day (bopd). The company's public estimate was significantly less than the actual flow rate, which was estimated later to be between 52,700 and 62,200 bopd. The information that Seilhan obtained indicated that the magnitude of the oil spill and thus, BP's potential liability and financial exposure, was likely to be greater than had been publicly disclosed.

According to the complaint, while in possession of this material, nonpublic information, and in breach of duties owed to BP and its shareholders, Seilhan directed the sale of his family's entire \$1 million portfolio of BP securities over the course of two days in late April 2010. The trades allowed Seilhan to avoid losses and reap unjust profits as the price of BP securities dropped by approximately 48 percent after the sales on April 29 and April 30, 2010, reaching their lowest point in late June 2010.

Without admitting or denying the allegations, Seilhan consented to the entry of a final judgment permanently enjoining him from future violations of federal antifraud laws and SEC antifraud rules. Seilhan, of Tomball, Texas, also agreed to return \$105,409 of allegedly ill-gotten gains, plus \$13,300 of prejudgment interest, and pay a civil penalty of \$105,409. The settlement is subject to court approval.

The SEC's investigation was conducted by Matthew S. Raalf, Brian P. Thomas, John S. Rymas, Kelly L. Gibson, Brendan P. McGlynn, G. Jeffrey Boujoukos, Michael J. Rinaldi, and Christopher R. Kelly in the Philadelphia

Regional Office. The SEC appreciates the assistance of the U.S. Department of Justice's Deepwater Horizon Task Force.

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Related Materials

- [SEC complaint](#)