



Department of Justice

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LOUIS DREYFUS ENERGY SERVICES PAYS \$4 MILLION TO RESOLVE ALLEGATIONS THAT IT VIOLATED THE FALSE CLAIMS ACT

Connecticut-Based Company Allegedly Failed to Pay Money Owed on Natural Gas Acquired from Government

WASHINGTON – Louis Dreyfus Energy Services has paid the United States \$4,084,000 to settle allegations that it violated the False Claims Act by failing to pay money owed on natural gas acquired from the Department of the Interior, the Justice Department announced today. Louis Dreyfus, which is based in Connecticut, is an energy company that is involved in merchandising, transportation, trading and storage of natural gas.

The settlement agreement resolves contentions by the United States that from December 2004 to March 2008, Louis Dreyfus Energy Services made false claims or misleading statements to the Department of the Interior involving contracts to buy natural gas produced from federal oil and gas leases in the Gulf of Mexico. Starting in 2004, Louis Dreyfus agreed to pay the Interior Department for natural gas based on a price associated with the delivery of the gas at a fixed point along a natural gas pipeline. After its contracts with the Interior Department were executed, the company requested and received a discount in the price it would pay the Interior Department for the natural gas obtained under the contracts. The United States contends that this price discount applied only when there was a complete or near-complete constraint in the natural gas pipeline such that Louis Dreyfus was unable to transport natural gas along the pipeline. However, the energy services company claimed and obtained the price discounts even on days when it was able to ship natural gas along the pipeline. Thus, the United States contends that Louis Dreyfus was not entitled to the price discounts that it sought and received from the Department of the Interior.

“Companies that deal with the United States have to live up to their commitments, whether they relate to the use of the nation’s natural resources or to other government programs or benefits,” said Stuart F. Delery, Acting Assistant Attorney General for the Justice Department’s Civil Division. “The American taxpayers will not tolerate those that claim price discounts from the United States to which they are not entitled.”

“Oil and natural gas companies must understand that using false or misleading claims to get a better price is unfair and unlawful. For companies that make such claims, there are significant consequences,” said John Walsh, U.S. Attorney for the District of Colorado.

“This settlement is a message to industry and the public that federal government agencies, working together, are focused on the promise that the American taxpayers will get their fair share of all monies owed from public resources,” said Mary L. Kendall, Acting Inspector General of the Department of the Interior.

“Energy companies have a responsibility to respect the public trust in their efforts to help fuel this nation’s energy needs,” said Paul Mussenden, the Department of the Interior’s Deputy Assistant Secretary for Natural Resources Revenue Management. “It is imperative they honor that trust and pay the appropriate revenues that are due to American taxpayers for these precious natural resources.” Mussenden added that “ONRR will remain diligent in its efforts to collect every dollar due to the public and the U.S. Government.”

In addition to resolving the company’s False Claims Act liability, the settlement today also resolves certain administrative claims between the Interior Department’s Office of Natural Resources Revenue and Louis Dreyfus.

The investigation and settlement of this matter were jointly handled by the U.S. Attorney for the District of Colorado, the Justice Department’s Civil Division, the Office of Natural Resources Revenue, the Department of the Interior’s Office of the Solicitor and the Energy Investigations Unit of the Department of the Interior’s Office of Inspector General. The claims settled by this agreement are allegations only. There has been no determination of liability.

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