



## U.S. Securities and Exchange Commission

### Remarks During News Conference About Enforcement Actions Against BP

*by*

**Robert Khuzami**

*Director of the SEC's Division of Enforcement  
U.S. Securities and Exchange Commission*

New Orleans  
November 15, 2012

Good afternoon. I'm Rob Khuzami, Director of Enforcement at the SEC.

Today we are announcing that BP has agreed to pay more than a half-billion dollars to settle charges that it misled investors about the rate of oil flowing into the Gulf of Mexico during the Deepwater Horizon disaster.

The \$525 million penalty represents the third-largest civil penalty ever assessed in the history of the Securities and Exchange Commission, and these funds will be used to compensate harmed investors for losses sustained from this fraud.

BP misrepresented in SEC filings that the oil spill flow rate was estimated to be "up to" 5,000 barrels of oil per day, and that 5,000 barrels of oil per day was the "current estimate."

In fact, BP was in possession of numerous analyses where 5,000 was in fact at the lower or lowest end of the range, and those same analyses had upper ranges that were many multiples of 5,000 barrels.

According to our complaint, after these SEC filings, BP executives made numerous public statements in which they stood behind the flow rate estimate of 5,000 barrels, despite an ever-growing body of evidence that this estimate was unreasonably low. They also publicly dismissed higher estimates reached by third party scientists. And, eventually, outside groups realized that the flow rate estimate was 10 times what BP had fraudulently communicated to investors.

The spill and subsequent concealment of the truth by BP caused devastating loss to the families of the victims and the environment, and undermined the truth-seeking function of Congress.

And by hiding the severity of the spill, BP caused another type of harm that is the SEC's focus — harm to its shareholders, the investing public, and financial markets — all of which are entitled to transparent, accurate, and

complete information.

In the end, the core of our allegations is that the eyes of the world were on BP in the spring and summer of 2010. The company had an opportunity to provide fulsome, accurate disclosure about the facts needed by the public to make informed investment decisions. And instead, BP chose to mislead the public.

That is not what we expect from public companies and their management. In fact, it is exactly in times of crisis that the need for accurate information is most acute.

I want to recognize the incredible hard work and dedication of the SEC staff from the Philadelphia Regional Office that conducted this investigation, including Colleen Lynch, Brian Thomas, and Matt Raalf. These are the kinds of public servants that Americans can be immensely proud of.

I would also like to thank the team from the Department of Justice's Deepwater Horizon Task Force, who were such great colleagues in this effort. That includes John Buretta, Derek Cohen, and Avi Gesser.

And I want to thank the Attorney General, Associate Attorney General West and Assistant Attorney General Lanny Breuer for their leadership in this investigation.

*<http://www.sec.gov/news/speech/2012/spch111512rk.htm>*

---

[Home](#) | [Previous Page](#)

Modified: 11/15/2012