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FOR IMMEDIATE RELEASE
APRIL 24, 2015

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**Schuette, Creagh Announce \$25 Million Civil Settlement,
Two Criminal No Contest Pleas by Chesapeake Energy
Corp. to Resolve Racketeering, Bid-Rigging Allegations**
*\$44 million in total relief will be paid to victims by Chesapeake; victims will
be compensated 100% for their losses*

LANSING – Michigan Attorney General Bill Schuette and Michigan Department of Natural Resources (DNR) Director Keith Creagh today announced that the state has reached a \$25 million civil settlement with Oklahoma-based energy company Chesapeake Energy Corporation. This settlement resolves allegations the company conspired with Calgary-based Encana Oil & Gas to avoid bidding wars against each other in Michigan public auctions for oil and gas leases that caused lease prices to plummet in October 2010. This settlement also addresses complaints that Chesapeake defrauded hundreds of private citizens by fraudulently cancelling their oil and gas leases in 2010. Schuette previously reached a \$5 million settlement agreement with Encana in May 2014.

In addition to agreeing to the civil settlement, representatives for Chesapeake today entered two no contest pleas for the company before Judge Scott Pavlich in Cheboygan Circuit Court to one count of criminal attempted antitrust violations, a misdemeanor and one count of false pretenses, a misdemeanor.

“This is a victory for Michigan taxpayers and a victory for all the Michigan land-owners who took deep hits to their pocketbooks following the October 2010 private land auction,” said Schuette. “This settlement will achieve recovery for every one of the more than 700 affected victims who come forward and make a valid claim.”

“I am grateful to Attorney General Schuette for demanding a fair resolution to these charges,” said Creagh. “This settlement protects the interests of Michigan citizens while also safeguarding the natural resources of our state for current and future generations.”

Criminal charges filed against Chesapeake and the civil settlement announced today are the result of the Attorney General’s investigation into questionable business practices surrounding Michigan oil and gas lease auctions and leasing from private citizens.

Terms of Civil Settlement with Chesapeake

The civil settlement includes the following key terms:

- A \$25 million victims' compensation fund will be established and every victim listed in the state's Racketeering complaint will be paid back 100% of their losses and attorney fees.
- The victims who have pursued private settlements with Chesapeake, which resulted in Chesapeake paying more than \$19 million to victims, will have the opportunity to have their cases reopened to recoup additional losses not already compensated for. This combined with the state's \$25 million settlement results in \$44 million total paid to victims by Chesapeake.
- The company will pay \$5 million to the State of Michigan. \$2.5 million will go to funds managed by the Department of Natural Resources and affected by Chesapeake's actions, and the remaining \$2.5 million will fund the State's anti-trust enforcement activities.
- Victims who have not yet come forward in the last four years will have 120 more days to file a claim and will be paid back 100% of their valid losses. It is estimated there are more than 700 affected victims.

No Contest Plea and Delayed Sentence

Today the company pleaded no contest to one count of attempted antitrust violations, a misdemeanor and one count of false pretenses, a misdemeanor. The state agreed to an 11-month delayed sentence on both charges. If Chesapeake abides by the terms of the settlement, the criminal case would be dismissed after 11 months. As charged, a conviction would only bring recovery for the 20 victims named in the complaint. This settlement would achieve recovery for everyone who makes a valid claim – more than 700 victims.

Background on Schuette's Anti-Trust and Racketeering Cases Against Chesapeake

Schuette [filed criminal anti-trust charges](#) against Chesapeake Energy on March 5, 2014 alleging a bid-rigging conspiracy with Encana pertaining to state land leases. This was initially uncovered by Reuters news agency in 2012. Schuette [reached a \\$5 million settlement](#) with Encana on May 5, 2014 prior to the preliminary exam in Cheboygan District Court. On July 10, 2014 District Court Judge Maria Barton ordered Chesapeake to [proceed to trial](#) on one count of anti-trust violations.

On June 5, 2014, Schuette [filed racketeering and false pretenses charges](#) against Chesapeake for the alleged victimization of private land owners across Northern Michigan. Judge Maria Barton ordered Chesapeake to [proceed to trial](#) on all counts on September 9, 2014.

Today's settlement resolves all current and pending litigation between Chesapeake and the State of Michigan.

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