

**FILED**

OCT 25 2007 10

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

**MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT**

**07CR**

**683**

UNITED STATES OF AMERICA :

NO. CR \_\_\_\_\_

v. :

INFORMATION

BP AMERICA INC., :

VIOLATION:

**JUDGE RONALD GUZMAN**

Defendant. :

18 U.S.C. § 371 (Conspiracy)

**MAGISTRATE JUDGE ASHMAN**

The United States Department of Justice charges:

Unless specified otherwise, at all relevant times:

1. From February 5, 2004, through March 15, 2004, BP America Inc. ("BP America"), its subsidiaries BP America Production Company and BP International Services Company (collectively, "BP"), and several BP employees conspired to corner and to manipulate the February 2004 propane market for propane transported in the TEPPCO pipeline system ("TET" propane).

2. As part of the conspiracy, the conspirators used the financial resources of BP to buy contracts for delivery of TET propane at the end of February 2004 ("February 2004 TET propane") to become the dominant owner of February 2004 TET propane. The conspirators exploited their dominant market power by purchasing large quantities of February 2004 TET propane throughout the month, withholding February 2004 TET propane from the market, and using specific bidding tactics, all to artificially inflate the price of February 2004 TET propane.

3. The conspirators, through their conduct, inflated the industry benchmark index price of February 2004 TET propane (the "OPIS index price"), which price was published to market participants by the Oil Price Information Service ("OPIS"). Defendants sold February 2004 TET

propane to counterparties based on inflated OPIS index prices, and defrauded counterparties who purchased from BP at inflated OPIS index prices.

4. As a result of the conspirators' conduct, by the end of February 2004, BP had acquired ownership of substantially all of the available supply of February 2004 TET propane in the United States. The conspirators cornered the market for February 2004 TET propane, distorted and made artificial the price of February 2004 TET propane, and sold a portion of their position in February 2004 TET propane at artificial and inflated prices.

5. Beginning on or about February 5, 2004, and continuing through at least March 15, 2004, in the Northern District of Illinois, and elsewhere,

**BP AMERICA INC.**

did knowingly and willfully conspire and agree with others to commit the following offenses against the United States:

a. to manipulate and attempt to manipulate the price of February 2004 TET propane, and to corner and to attempt to corner the market of February 2004 TET propane, a commodity in interstate commerce, contrary to Title 7, United States Code, Section 13(a)(2); and

b. to devise a scheme and artifice to defraud purchasers of February 2004 TET propane at a price set by the OPIS index, and to obtain money and property by means of materially false pretenses, representations, and promises, and to utilize the United States mails, private and commercial interstate carriers, and interstate wire communications for the purpose of executing that scheme and artifice, contrary to Title 18, United States Code, Sections 1341 and 1343.

6. In furtherance of the conspiracy and to achieve its purposes, the conspirators and others committed the following overt acts within the Northern District of Illinois, and elsewhere:

a. On or about February 5, 2004, a supervisory BP propane trader and a BP

propane trader had a telephone conversation in which they decided to seek approval for the scheme from a BP executive and discussed how successful execution of the scheme to corner the February 2004 TET propane market would establish that they and BP could “control the market at will.”

b. Between on or about February 5, 2004 and February 9, 2004, the supervisory BP propane trader obtained approval from the BP executive for the conspirators to use BP funds to execute the scheme.

c. On or about February 9, 2004, the supervisory BP propane trader and two BP propane traders discussed the implementation of the scheme in a telephone conversation in which, with respect to BP’s sales based on the OPIS index price, the supervisory BP propane trader said “if we squeeze it in the last four or five days of the month . . . it’s going to be hard to say what’s the fair price of the market at the time.”

d. The conspirators accumulated contracts for delivery in excess of the entire inventory of TET propane at the TEPPCO facility by at least February 19, 2004, through the following specific trades, among others, each of which is a separate overt act:

i. On or about February 9, 2004, a BP propane trader purchased 25,000 barrels of February 2004 TET propane on behalf of BP at 0.615 cents per gallon;

ii. On or about February 9, 2004, a BP propane trader purchased 150,000 barrels of February 2004 TET propane on behalf of BP at 0.61 cents per gallon; and

iii. On or about February 11, 2004, a BP propane trader purchased 100,000 barrels of February 2004 TET propane on behalf of BP at 0.64 cents per gallon.

e. On or about February 23, 2004, the supervisory BP propane trader directed the conspirators not to sell propane until they saw “the big shorts come in.”

f. The conspirators engaged in the following sales of propane at artificial prices

in order to profit from the scheme, and thereby caused BP to receive funds in connection with each transaction via wire transfer from outside the State of Illinois to BP's account at Bank One, in Chicago, Illinois, each of which is a separate overt act:

i. On or about February 27, 2004, a BP propane trader sold to Company A 40,000 barrels of February 2004 TET propane on behalf of BP at 0.94 cents per gallon; and

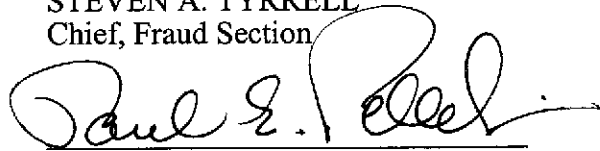
ii. On or about February 27, 2004, a BP propane trader sold to Company B, located in the Northern District of Illinois, 5,000 barrels of February 2004 TET propane on behalf of BP at 0.925 cents per gallon.

g. In connection with a sale of February 2004 TET propane that occurred on or about February 27, 2004 at an artificially inflated price, a BP propane trader caused Company C to issue check No. 2266 payable to Voicebroker #1 in the amount of \$1,950, to be transmitted via the U.S. mail.

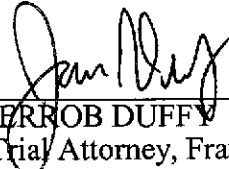
All in violation of Title 18, United States Code, Section 371.

FOR THE UNITED STATES:

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