Alyeska settles suit by a whistle-blower

By Charles McCoy

Alyeska Pipeline Service Co. agreed to a multimillion-dollar settlement of an invasion-of-privacy lawsuit brought by a whistle-blower, stemming from a spying campaign that Alyeska mounted against him.

The suit was filed by whistle-blower advocates as an important legal victory for corporate critics, in part because of several pretrial rulings by federal Judge Spencer in Washington that appear to establish or reinforce precedents bolstering protections for those who report corporate wrongdoing.

Precise terms of the settlement were not disclosed. But Alyeska and its owners, including Exxon Co., British Petroleum Ltd. and Atlantic Richfield Co., have spent more than $10 million just to defend the suit, and the settlement requires a payment of millions more, according to people familiar with it.

The suit stemmed from the elaborate campaign mounted against whistle-blower Chuck Hamel and his associates in 1980, after Mr. Hamel repeatedly had offered to regulators and Congress information about alleged environmental wrongdoing along the Trans-Alaska pipeline. Mr. Hamel received much of the information from workers inside Alyeska, which runs the pipeline for the oil companies.

Alyeska doesn’t contest that during its campaign against Mr. Hamel, its operatives secretly taped Mr. Hamel’s phone calls and rifled through mail, garbage, phone records and credit records of him and several associates. They even employed attractive female operatives to try to entice Mr. Hamel into admissions or actions that might discredit him. But the company has claimed that the actions were lawful and legitimate attempts to retrieve documents it alleges Mr. Hamel stole from the company.

Alyeska said that it and other parties to the settlement aren’t conceding any wrongdoing.

In a ruling last month that helped grease the settlement, Judge Sporkin noted that whistle-blowers are often retaliated against by their employers and held that Mr. Hamel could not be required to divulge his sources unless Alyeska agreed to guarantee those sources lifetime employment. Alyeska declined, and, the sources weren’t disclosed. Whistle-blower advocates say Judge Sporkin is the first federal judge to protect the first amendment rights of anyone who might rise to a court of law.

Moreover, two weeks ago, Judge Sporkin advised attorneys in the case that he intended to rule that the secret taping of

Although courts commonly protect reporters’ sources, they don’t always do so, and whistle-blower advocates say this ruling was significant, because the information sought by Alyeska was important for its defense. This ruling was followed by the one protecting Mr. Hamel’s sources within Alyeska.