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## Chesley accused of fraud role

### Filing in fen-phen compensation case traces letter to his law firm

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**BURLINGTON** - A court filing claims that Cincinnati lawyer Stan Chesley was one of the "chief architects" of a plan to defraud plaintiffs in Kentucky who won a multimillion-dollar case against the makers of the diet drug fen-phen.

Clients collected about one-third of the \$200 million settlement.

Attorney Angela Ford, who has sued Chesley and the Lexington lawyers on behalf of the clients, filed court papers including a forensic computer expert's report that says a letter sent to clients in 2002 was written on the computer of a lawyer in Chesley's firm.

But Monday, Chesley lawyer Frank Benton IV of Newport said Chesley had no direct contact with the clients and merely served as the lawyer for the three Lexington attorneys later accused of misappropriating the \$200 million settlement.

The Lexington attorneys have been found to have breached their duty to their clients and have been suspended from practice.

No criminal charges have been filed.

"We have this gag order I've been trying to be very careful about, but apparently the other side isn't," Benton said. "It is apparent the majority of the pleading drafted by this lady are meant for headlines, not to pursue the interest of her clients."

Special Judge William Wehr heard arguments Monday in Boone Circuit Court to halt discovery by Kentuckians who say their former lawyers defrauded them. Depositions are scheduled for Friday in the civil case.

Chesley did not attend Monday's hearing, nor did his attorney Benton. Along with Chesley, Lexington lawyers William Gallion, Shirley Cunningham Jr. and Melbourne Mills Jr. are accused in the civil suit of misappropriating \$64.4 million from the 2001 accord in the diet-drug case.

Ford has asked Wehr to rule that Chesley breached his duties and to order the four lawyers to return all money and forfeit an additional \$62.2 million in fees.

The suit alleges that Chesley was paid \$20.5 million, about \$6.4 million more than he should have recovered under his contract.

Ford says in court papers that the forensic computer expert's report "proves beyond any doubt" that Chesley was involved.

All four lawyers have denied wrongdoing.

Benton said the correspondence was a form letter drafted by an "underling" at Mills' request, not a "big smoking

gun" that connects Chesley to the individual plaintiffs.

Benton accused Ford of "trumpeting" this in the media because she could not prove her case in court.

In the report, Stan Mitchell of Nashville's LogicForceConsulting said his analysis of computers used by lawyers in the case shows that the April 7, 2002, letter to clients was written on the computer of Fay Stiliz, an attorney in Chesley's firm. She didn't respond to a message left on her voice mail.

In the letter, the lawyers tell the clients that there might be money left from the settlement and that the attorneys would like to donate it to charity. The letter says the lawyers "know you would join us in this worthy and admirable act."

The letter goes on to say the issue is "premature" because they didn't know yet if there would be leftover money.

But in a deposition, Mills has acknowledged that the attorneys knew at the time that more than \$20 million remained - money the lawyers funneled into a charitable trust that they paid themselves to manage.

The letter also tells clients that they would receive a second round of payments and that "we are very pleased that we have been able to accomplish this for you ... as this is very unusual."