



News

Scott Seaman Discusses Conflict of Interest Issues Raised by \$25M Exxon Award

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Scott Seaman, Hinshaw partner and Chicago-based co-chair of Hinshaw's Global Insurance Services Practice Group, recently discussed with *Law360* how ExxonMobil Corp.'s \$25 million arbitration award – initially confirmed by a federal judge who owned stock in the company – could impact the public's confidence in the judicial process. The article is titled, "Review Of Exxon's \$25M Award Could Have Global Impact."

28 U.S.C. § 455(a) and the Code of Conduct for United States Judges forbid a judge from presiding over a case in which he or she has a financial interest. Seaman notes that this is not an isolated instance. A report from the *Wall Street Journal* revealed more than 130 federal judges had undisclosed conflicts encompassing approximately hundreds of cases. Most of the situations likely involve inadvertence and an inadequate system for identifying related entity conflicts. Having a proper system in place sometimes can be more complicated than it sounds, but it is important that judges have a system that allows them to identify their financial interests, Seaman adds.

In the article, Seaman states this is "an issue that impacts the confidence in the judiciary across the board and is not simply a concern to insurers."

In regards to the significant conflict of interest questions raised by the case, Seaman said "[i]t is beyond argument that the original judge was required to recuse himself. . . He owned stock in one of the parties before him - the party in whose favor he ruled. . . Parties have a right to have their decisions made by impartial judges." He added, "[w]hen a judge owns stock in one of the parties, he or she has a financial interest. Whether or not this actually influences a judge's decision, it undermines confidence in the judicial process."

The more difficult question is the appropriate remedy. Seaman said "vacating the decision in this case, as well as others where there may have been a conflict, is not so simple. Understandably, there will be a reluctance to vacate decisions in hundreds of cases, but it would seem that whatever remedy is selected, it must be adequate and repose confidence in the system," he said.

[Read the full article.](#) (*subscription required*)

"Review Of Exxon's \$25M Award Could Have Global Impact" was published by *Law360* on May 11, 2022.

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