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## State Farm lawyer hits the wrong button

A slip-up by a lawyer for the nation's largest insurance company may have ended a brief truce in its bitter dispute with Mississippi Attorney General Jim Hood.

In an e-mail mistakenly sent to reporters Tuesday, a lawyer for State Farm Insurance Cos. questioned whether Hood could be held in contempt of court for misrepresenting the terms of his office's recent, confidential settlement with the company.

State Farm sued Hood for allegedly violating a January 2007 agreement to end a criminal investigation of the insurer's Hurricane Katrina claims-handling practices. Earlier this month, a federal judge in Natchez agreed to dismiss the suit after both sides met behind closed doors to reach a settlement.

Neither side would discuss the Feb. 7 settlement's terms, but it was widely speculated that State Farm wouldn't withdraw its suit unless Hood had agreed to end his criminal probe.

U.S. District Judge David Bramlette ruled that Hood's January

2007 agreement to end his criminal investigation of State Farm was "unambiguous and enforceable." And yet Hood declared a victory of sorts in an article he wrote for The Clarion-Ledger newspaper of Jackson.

In Monday's piece, Hood wrote that State Farm's allegations "were shown to be false" when Bramlette agreed to dismiss its lawsuit. His spokeswoman, Jan Schaefer, echoed that claim in a press release Tuesday in which she denied Hood had reached a "settlement" with State Farm.

"The only reason it is referred to as such is because the details of the attorney general's criminal investigation needed to be protected," Schaefer wrote. "The case was dismissed because the allegations were false."

In response to Schaefer's e-mail, Sheila L. Birnbaum wrote, "This is so over the top. Can we ask that he be held in contempt of court for misrepresenting a settlement agreement and order of the court."

"No, you can't," Hood's

spokeswoman fired back.

More than a dozen reporters, including several from The Associated Press, were listed as recipients to all three e-mails.

In a telephone interview with The Associated Press, Birnbaum said she thought she was responding internally to Schaefer's e-mail and didn't realize she was sending it to reporters.

"I'm embarrassed that I pressed the wrong button," she said. "That e-mail shouldn't have gone out."

Birnbaum is a partner at Skadden, Arps, Slate, Meagher & Flom, a New York law firm that boasts of representing nearly half of the Fortune 500 companies. She was one of several lawyers who represented State Farm at a hearing where Hood testified for several hours before settling the case.

Birnbaum said her query about seeking a contempt order against Hood was merely "a thought I suggested to be considered."

"She obviously thought she was sharing those thoughts with her legal colleagues,"

said State Farm spokesman Phil Supple. "But, nonetheless, those are her thoughts."

Supple declined to comment on Hood's newspaper piece or the Hood spokeswoman's press release.

"We were happy with the outcome of the proceedings in Natchez," Supple said.

Bramlette also declined to comment on how Hood characterized his ruling.

"I shouldn't. I really shouldn't," he said.

Hood has refused to comment on the status of his criminal investigation, but he said he is allowed to keep \$5 million that State Farm paid to cover the costs of his earlier probe.

State Farm paid him that money as part of a January 2007 settlement that also called for the Bloomington, Ill.-based insurer to reopen and possibly pay thousands of policyholder claims.

Hood, in turn, agreed to end his probe of allegations that State Farm fraudulently denied policyholder claims.