



Policy, Government and Public Affairs
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News Release

FOR IMMEDIATE RELEASE

U.S. Appeals Court Affirms RICO Judgment Against Lawyer Behind Fraudulent Ecuador Lawsuit

SAN RAMON, Calif., August 8, 2016 – The United States Court of Appeals for the Second Circuit has unanimously [affirmed](#) a lower court decision, which found that the \$9.5 billion judgment against Chevron Corporation in Ecuador was the product of fraud and racketeering activity, and unenforceable in the United States. The appeals court stated that there was “no basis for dismissal or reversal” of the district court’s judgment, noting that “[t]he record in the present case reveals a parade of corrupt actions by the LAPs’ legal team, including coercion, fraud, and bribery, culminating in the promise to Judge Zambrano of \$500,000 from a judgment in favor of the LAPs.”

In 2014, Steven Donziger, the American lawyer behind a fraudulent lawsuit against Chevron in Ecuador, was found by the U.S. District Court for the Southern District of New York to have violated the federal Racketeer Influence and Corrupt Organizations Act (RICO), committing extortion, money laundering, wire fraud, Foreign Corrupt Practices Act violations, witness tampering and obstruction of justice in obtaining the Ecuadorian judgment and in trying to cover up the crimes committed by him and his associates.

“This decision, which is consistent with the findings of numerous judicial officers in the United States and South America, leaves no doubt that the Ecuadorian judgment against Chevron is the illegitimate and unenforceable product of misconduct,” said R. Hewitt Pate, Chevron vice president and general counsel. “Chevron is pleased that the truth has prevailed over fraud and corruption.”

During the seven-week RICO and fraud trial, Chevron presented un rebutted evidence detailing the extent of the fraudulent acts undertaken and directed by Donziger, his Ecuadorian legal team and other associates, including fabricating environmental evidence, pressuring scientific experts to falsify reports, plotting to intimidate judges into handing down favorable rulings, bribing court-appointed experts, ghostwriting court reports and even drafting the final judgment.

Chevron has never operated in Ecuador. Texaco Petroleum (TexPet), which became a subsidiary of Chevron in 2001, was a minority partner in an oil-production consortium in Ecuador along with the

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state-owned oil company, Petroecuador, from 1964 to 1992. After TexPet turned its remaining share of the oil operations over to Petroecuador in 1992, pursuant to an agreement with Ecuador, TexPet agreed to conduct a remediation of selected production sites while Petroecuador remained responsible to perform any remaining cleanup. The government of Ecuador oversaw and certified the successful completion of TexPet's remediation and fully released TexPet from further environmental liability. Petroecuador, however, failed to conduct the cleanup it promised and has continued to operate and expand oil operations in the former concession over the past 20 years.

Since the extent of the fraud scheme was revealed, more than a dozen former insiders and allies have abandoned Donziger and his scheme, including his former [co-counsel](#), [environmental consultants](#), [funders](#), [investors](#), employees and [Ecuadorian collaborators](#).

In May 2015, Brazil's Deputy Prosecutor General recommended to the country's Superior Court of Justice that the fraudulent Ecuadorian judgment not be recognized for enforcement, upholding both international and Brazilian law.

In December 2015, the Supreme Court of Gibraltar issued a [judgment](#) against Amazonia Recovery Ltd., a Gibraltar-based company set up by Donziger and his associates to receive and distribute funds resulting from the fraudulent Ecuadorian judgment. The court awarded Chevron \$28 million in damages and issued a permanent injunction against Amazonia, preventing the company from assisting or supporting the case against Chevron in any way.

Chevron Corporation is one of the world's leading integrated energy companies. Through its subsidiaries that conduct business worldwide, the company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemicals and additives; generates power and produces geothermal energy; and develops and deploys technologies that enhance business value in every aspect of the company's operations. Chevron is based in San Ramon, Calif. More information about Chevron is available at www.chevron.com.

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