

US judge backs Chevron fight against Ecuador judgment

March 4 2014, by John Biers



Protesters gather in the Federal Plaza in Manhattan to protest against Chevron Corporation on October 15, 2013 in New York

A US federal judge Tuesday ruled in favor of Chevron in an Ecuador environmental case, saying fraud was used to obtain a judgment ordering the oil giant to pay \$9.5 billion.

US District Judge Lewis Kaplan said a six-week trial proved that the Ecuadoran court judgment in 2011 was procured through corrupt means in the long-running case.

Kaplan concluded that plaintiffs in the Ecuadoran case committed a host of corrupt actions, including ghost-writing the Ecuadoran judgment, submitting fraudulent evidence and bribery.

"If ever there was a case warranting equitable relief with respect to a judgment procured by fraud, this is it," Kaplan wrote.

Christopher Gowen, a spokesman for Steven Donziger, a New York attorney who has worked on behalf of Ecuadoran plaintiffs since the 1990s, said Donziger will appeal Kaplan's ruling.

Kaplan's ruling "is one of the greatest abuses by a civil judge ever," Gowen said. "We're very confident" in an appeal.

Chevron said the ruling was "a resounding victory for Chevron and our shareholders. It confirms that the Ecuadoran judgment against Chevron is a fraud and the product of a criminal enterprise."

"Any court that respects the rule of law will find the Lago Agrio judgment to be illegitimate and unenforceable," the company said in a statement.

Dow component Chevron's shares were up 0.8 percent at \$115.71 in midday trade.

Kaplan's ruling is the latest chapter in a legal saga that has traversed a tiny Ecuadoran courtroom in the shadow of the Amazon rainforest to Argentina, Canada and other countries as Ecuadoran plaintiffs have sought Chevron assets.

The plaintiffs allege Texaco, which was acquired by Chevron in 2001, illegally dumped oilfield waste in the Amazon, causing pollution that killed and caused sickness in indigenous peoples.

Kaplan concluded that Chevron "might bear some responsibility" for pollution in Ecuador.

But Kaplan wrote that "the issue is not what happened in the Oriente more than 20 years ago... It instead is whether a court decision was procured by corrupt means, regardless of whether the cause was just."

Kaplan's ruling bars the Ecuadoran plaintiffs from enforcing Ecuador's ruling in a US court. But he said it did not affect plaintiffs' efforts to enforce the judgment outside the US.

However, Kaplan also wrote that his ruling bars Donziger "from profiting in any way from the egregious fraud that occurred here."

Ecuadoran plaintiffs had argued that Kaplan should not second-guess a foreign court's decision.

But Kaplan said the "wrongful actions" shown at trial "would be offensive to the laws of any nation that aspires to the rule of law, including Ecuador."

Donziger expects Chevron to tout the ruling in international courts.

"Chevron is going to go around and wave this to the rest of the world," Gowen said. "They're going to try to use this to their advantage in other countries."

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