



SUMMARY: TEXACO/CHEVRON LAWSUITS

Summary based on: <http://business-humanrights.org/en/texacochevron-lawsuits-re-ecuador>.

1) United States lawsuits

In 1993, a group of Ecuadorian citizens of the Oriente region filed a class action lawsuit in US federal court against Texaco (Aguinda v. Texaco). The complaint alleged that between 1964 and 1992 Texaco's oil operations polluted the rainforests and rivers in Ecuador, resulting in environmental damage and damage to the health of those who live in the region. The lawsuit was dismissed by the US federal court in 2002 on forum *non conveniens* grounds (i.e., the court stated that Ecuador was a more appropriate venue for litigating these claims). In connection with the dismissal, Texaco agreed that courts in Ecuador would have jurisdiction over the plaintiffs' claims.

2) Ecuadorian legal proceedings

Consequently, in 2003, a class action lawsuit was brought against Texaco (acquired by Chevron in 2001) in Ecuador alleging severe environmental contamination of the land where Texaco conducted its oil operation activities. The plaintiffs alleged that this contamination has led to increased rates of cancer as well as other serious health problems for the residents of the region. Judicial inspections of the allegedly contaminated sites commenced in August 2004. In early 2008, an independent expert recommended to the court that Chevron should pay \$7-16 billion in compensation for the pollution. This expert increased his estimate of damages to \$27 billion in November 2008. In 2008, Chevron reportedly lobbied the US Government to end trade preferences with Ecuador over this lawsuit. Following allegations of judicial misconduct, the original trial judge recused himself from the case and a new judge was appointed. Following a successful petition in US court to receive unused footage from the documentary "Crude", Chevron filed a petition with the court in August 2010 seeking to dismiss the lawsuit based on the company's assertion that certain parts of this footage show alleged fraud on the part of the plaintiffs. In September 2010, the plaintiffs submitted a new assessment of damages for the claims stating that the cost would be between \$90 and \$113 billion. In the same month, the judge concluded the evidentiary phase of the lawsuit. On 14 February 2011, the Ecuadorian judge issued a ruling against Chevron in the lawsuit. Chevron was ordered to pay \$8.6 billion in damages and clean up costs, with the damages increasing to \$18 billion if Chevron does not issue a public apology. Chevron indicated that it believes the ruling is "illegitimate" and "unenforceable", and it filed an appeal. On 3 January 2012 a panel of three judges from the Provincial Court of Justice of Sucumbios upheld the February 2011 ruling against Chevron. On 20 January 2012, Chevron appealed the decision with Ecuador's National Court of Justice. On 6 August 2012, the Ecuadorian court ruled that Chevron had until the end of the day to pay the \$19 billion judgment. The award was increased in July 2012, after Judge Ortiz calculated various mandatory costs required by Ecuadorian law. In October 2012, the Ecuadorian court issued an order permitting the plaintiffs to seize about \$200 million of Chevron's assets located in the country, in an effort to collect on the judgment against the company. On 12 November 2013, Ecuador Supreme Court upheld the August 2012 ruling against Texaco/Chevron for environmental damage but halved damages to \$9.51 billion.



3) International arbitration proceedings

In December 2006, and again in September 2009, Chevron filed an international arbitration claim before the Permanent Court of Arbitration at the Hague, alleging that the Government of Ecuador violated an US-Ecuador bilateral investment treaty. Chevron claimed that the Government of Ecuador violated international law by unduly influencing the judiciary and thereby compromising the judiciary's independence. In March 2010 the arbitration panel ruled that Ecuador's government had violated the bilateral investment treaty and international law by delaying rulings on the commercial dispute currently pending in Ecuador's courts.

In different international arbitration proceedings, Chevron alleged that the judicial decisions taken in Ecuadorian courts violated the Investment Agreement and the Settlement Agreement concluded between Texaco and Ecuador. In February 2011 the international arbitration panel issued an Interim Measures Order in favour of Chevron ordering Ecuador to take all measures to suspend enforcement of the Ecuadorian judgment. In February 2012 the arbitration panel met to review Ecuador's compliance with the Interim Measures Order. In February 2013 the arbitration tribunal ruled that Ecuador had not complied with the Interim Measures Order. In March 2015, the arbitration tribunal then held that the settlement between Chevron and Ecuador did not preclude residents from suing over the pollution in the future. The tribunal has yet to consider whether the issuing of the Ecuadorian judgment was in violation of the investment agreement with Texaco.

4) US legal proceedings following Ecuadorian judgment

Chevron filed a racketeering lawsuit against the plaintiffs' lawyers and representatives in US federal court on 1 February 2011. This lawsuit alleges that the plaintiffs' lawyers and representatives have conspired to extort up to \$113 billion from Chevron through the Ecuadorian legal proceedings. In addition, Chevron obtained a temporary restraining order on 9 February 2011 enjoining the plaintiffs from attempting to enforce a judgment in the Ecuadorian legal proceedings in the United States. This temporary restraining order was extended in March 2011 and later appealed by the plaintiffs. Meanwhile, a US law firm has filed its own lawsuit against Chevron and Chevron's US legal counsel claiming that they have illegally interfered with its representation of the claimants in the legal proceedings. In March 2014, U.S. District Judge Lewis Kaplan ruled in Chevron's favor, finding that the plaintiff's team had fabricated evidence, promised bribes, and even ghost-wrote critical court documents - conclusions that the plaintiffs dispute. Kaplan issued an unusual order barring the plaintiff from ever profiting from their ill-gotten rainforest victory. The appeal against this decision is pending.

5) International Criminal proceedings

In October 2014, Ecuadorian rainforest communities filed a communication at the International Criminal Court in respect of Chevron chief executive's acts to prevent the ordered clean-up of toxic waste in the Amazon.