

Argentine Judge Freezes Chevron Assets To Pay \$19 Billion Ecuador Fine

Written by Pratap Chatterjee, CorpWatch Blog
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Adrian Elcuj Miranda, a judge in Buenos Aires, has ordered the seizure of Chevron's assets in Argentina, to force the company to pay a [\\$19 billion penalty for polluting the Amazon in Ecuador](#). The plaintiffs are [seeking similar legal action in Brazil, Canada, Colombia](#) and other countries.

Chevron – a Northern California-based oil and gas company – merged with another company named Texaco in 2001 whose actions are the basis of the lawsuit. Between 1964 and 1992 [Texaco admitted to dumping more than 16 billion gallons of toxic "water of formation" into the streams and rivers of the Ecuadorean Amazon](#) that were used by local inhabitants for their drinking water sickening indigenous tribespeople and farmers.

Some 900 open-air toxic waste pits still dot the area, where approximately [9,000 people are expected to contract cancer](#) unless it is cleaned up, according to a study by Dr. Daniel Rourke, former of the Rand Corporation.

An initial lawsuit was filed by Ecuador's indigenous communities in 1993. At the time the company asked for a trial in Ecuador to avoid a U.S. court battle. A [second lawsuit was filed in 2003 by Fajardo and Luis Manza](#) on behalf of 30,000 Ecuadoreans.

In 2011 the Ecuadorean courts ruled against Chevron and ordered the company to pay \$18.2 billion in damages, which was increased to \$19 billion this past July. Chevron appealed the judgement but the [Ecuadorean appellate court ruled against the company](#) on January 3, 2012.

Chevron is now trying a multitude of ways to defeat the ruling such as appealing the Ecuadorean fine in U.S. courts. "The Ecuador judgment is a product of bribery, fraud, and it is illegitimate ... We [do not believe that the Ecuador judgment is enforceable](#) in any court that observes the rule of law," the company said in a statement.

Unfortunately for the company, [U.S. courts have not been very sympathetic](#) so far, presumably since the company argued that it wanted the case to be heard in Ecuador in the first place. Last month the Supreme Court refused to hear an appeal to block the Ecuadorean judgement.

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The company has also [attempted to have the judgement thrown out by a secret arbitration panel](#) under a provision in the U.S. Ecuador Bi-Lateral Trade. The Permanent Court of Arbitration under the United Nations Commission on International Trade Law in the Hague will begin hearings on the dispute later this month.

Chevron has also filed a lawsuit in the U.S. against the plaintiffs for fraud, which will be heard in October 2013. The company has even created a special website, named "[The Amazon Post](#)" to document its allegations.

The Argentine ruling is a major setback for Chevron, say the plaintiffs.

"We have fought now for almost two decades to correct the injustice created by Chevron in Ecuador," commented Pablo Fajardo Mendoza, the lead lawyer in the lawsuit, who grew up in the oilfields polluted by Texaco. "While Chevron might think it can ignore court orders in Ecuador, it will be [impossible for Chevron to ignore court orders in countries where it maintains substantial assets](#)."

If Elcuj's ruling is enforced, Chevron may forfeit as much as \$2 billion in Argentine assets and also lose roughly \$600 million a year in revenue from ongoing operations in that country, according to estimates by the plaintiffs. The [company has appealed the ruling](#).