

Chevron Files Fraud and RICO Case Against Lawyers and Consultants Behind Ecuador Litigation

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Chevron Corporation today filed a civil lawsuit under the Racketeer Influenced and Corrupt Organizations Act (RICO) as well as other federal and state laws against the trial lawyers and consultants leading a fraudulent litigation and PR campaign against the company. Through the lawsuit, Chevron seeks a court declaration that any judgment against Chevron in the Ecuador lawsuit is the result of fraud and therefore unenforceable. Chevron is also seeking damages associated with the cost of defending the Ecuador litigation.

Chevron's RICO claim addresses pervasive misconduct relating to the named defendants' efforts to extort money from Chevron using the pendency of a lawsuit in Lago Agrio, Ecuador, directed and funded by American trial lawyers and their allies. Chevron's suit alleges that the named defendants, and certain non-party co-conspirators, have used the Ecuador lawsuit to threaten Chevron, mislead U.S. government officials, and harass and intimidate Chevron employees, all in order to extort a financial settlement from the company. Among those named in Chevron's complaint are New York City-based plaintiffs' lawyer Steven Donziger; his Ecuadorian colleagues Pablo Fajardo and Luis Yanza; their front organizations, the Amazon Defense Front and Selva Viva; and **Stratus Consulting, a Boulder, Colo.-based consulting firm retained by the plaintiffs' lawyers to secretly prepare a damages report** that was then presented as having been written by an allegedly independent, court-appointed expert.

"The Lago Agrio plaintiffs' lawyers' aim has been to extort a multi-billion dollar payment from Chevron through fabricated evidence and a campaign to incite public outrage. Chevron has no intention of giving these plaintiffs' lawyers the payday they seek. Rather, we intend to see the RICO defendants held accountable for their misconduct," stated R. Hewitt Pate, Chevron vice president and general counsel.

Recent U.S. court proceedings initiated by Chevron have produced overwhelming evidence of fraud, collusion, corruption, and other misconduct on the part of those pressing the Lago Agrio plaintiffs' case. In the Western District of North Carolina, for instance, the federal court found that "what has blatantly occurred in this matter would in fact be considered fraud by any court." The District Court in the District of New Jersey held that the conduct of the plaintiffs' lawyers in the furtherance of the Lago Agrio lawsuit could not constitute "anything but a fraud on the judicial proceeding."

Today's filing before the United States District Court of the Southern District of New York lays out overwhelming evidence demonstrating that the Lago Agrio plaintiffs' lawyers and consultants have engaged in a sustained pattern of racketeering, including attempted extortion, mail and wire fraud, witness tampering, obstruction of justice, and money laundering. Proof of misconduct on the part of the named defendants and their associates includes:

- Documents, sworn deposition testimony, and outtakes from the movie *Crude* showing Donziger and his environmental consultants, including Stratus Consulting, plotting to secretly write the report of the supposedly “neutral” Ecuadorian court expert—Richard Stalin Cabrera Vega—who was appointed at the plaintiffs’ lawyers’ insistence to serve as the Lago Agrio court’s sole, “global damages expert.” The ghostwritten “Cabrera” report would serve as the basis for the plaintiffs’ lawyers’ demands for more than \$27 billion in damages—a figure that later was inflated to more than \$113 billion after evidence of the Cabrera fraud emerged.
- Documents and e-mails demonstrating that, after ghostwriting Cabrera’s initial report recommending more than \$16 billion in damages, Donziger, Stratus and their co-conspirators pretended to criticize “Cabrera’s” report and demand that the damages be increased. The conspirators then prepared “Cabrera’s” responses to their own criticisms, increasing the initial damages estimate by more than \$10 billion. The scheme culminated in a fraudulent “peer review” conducted by Stratus staff in which they pretended to perform an “independent” review and validation of the reports that they had ghostwritten for Cabrera’s signature.
- Plaintiffs’ documents, including Donziger’s own detailed notes, as well as outtakes from *Crude* revealing a campaign of judicial intimidation by Donziger and his colleagues. On film, Donziger declared, “the only language that I believe, this judge is gonna understand is one of pressure, intimidation and humiliation. And that’s what we’re doin’ today. We’re gonna let him know what time it is We’re going to scare the judge, I think today.” These tactics were employed because, according to Donziger, judges in Ecuador “make decisions based on who they fear the most, not based on what laws should dictate.” When it was suggested to Donziger that no judge would rule against them because “[h]e’ll be killed,” Donziger replied that, though the judge might not actually be killed, “he thinks he will be . . . Which is just as good.”
- Evidence of a concerted effort by the named defendants and others conspiring with them to deceive members of the U.S. Congress, U.S. and state government regulatory agencies, and others into believing that the company faces a multibillion-dollar liability and has sought to mislead investors—all with the aim of forcing Chevron to settle. The campaign has included demands for Securities and Exchange Commission investigations, lobbying of government officials, including the U.S. Department of Justice and New York Attorney General, direct targeting of others with misinformation, and overt threats directed at Chevron’s Board of Directors.
- Correspondence, memos, emails and agreements documenting the financing of the fraudulent scheme and the planned division of the windfall. The evidence reveals that the real parties standing to gain from the Lago Agrio lawsuit are U.S. law firms and investors, not indigenous rainforest residents. These U.S. lawyers have also schemed to divvy up the proceeds of any recovery they extract from Chevron outside of Ecuador and beyond the reach of Ecuadorian law.

Chevron's Pate also stated: "It is sad to see American citizens organizing a shakedown of a U.S. company while pretending to be helping Ecuadorians and the environment. Equally sad is the pattern of fraud and obstruction in multiple U.S. federal courts in a vain attempt to try to keep the truth from coming out. But now, the truth has been revealed."

Chevron's RICO complaint can be accessed at <http://scr.bi/hTrcy0>.