Judge Declines to Halt $18B Judgment against Chevron

LARRY NEUMEISTER,Associated Press

NEW YORK (AP) — A federal judge said Friday he's not yet willing to block collection of an $18 billion court judgment against the energy giant Chevron for environmental damage in an Ecuadorean rain forest despite claims by Chevron that it faces imminent irreparable harm to its holdings around the world if U.S. courts do not intervene.

A court in Ecuador last February ordered Chevron to pay the steep penalty for pollution that occurred when Texaco was operating in the forest, between 1972 and 1990. Texaco became a Chevron subsidiary in 2001. Chevron has long claimed that a 1998 agreement Texaco signed with Ecuador after a $40 million cleanup absolves it of liability.

The $18 billion judgment was upheld earlier this week by an appeals panel in Ecuador, leading Chevron to renew its efforts to block the award. On Thursday, it asked the 2nd U.S. Court of Appeals in Manhattan to lift its September block on an order Kaplan issued last March that prevented the plaintiffs from trying to collect the judgment anywhere in the world until it has a chance to prove its claim that the award was fraudulently obtained.

Chevron lawyer Randy Mastro said in court papers that an order blocking the award

was necessary because the plaintiffs otherwise "will be able immediately to commence their extortionate plan to harass Chevron through multiplicative, vexatious enforcement proceedings expressly intended to disrupt the operations of Chevron affiliates in foreign countries."

He also wrote that he believes the plaintiffs are trying to force a settlement, "the consummation of their scheme to extort money from the company by means of a fraudulent judgment."

Kaplan noted that the 16-page appeals ruling in Ecuador this week said that Chevron's allegations of fraud were "pending resolution before authorities of the United States of America."

Karen Hinton, the U.S. spokesperson for 30,000 Ecuadoreans who said Texaco left their lands poisoned by billions of gallons of toxic waste, called Kaplan's decision Friday "another rebuke for Chevron."

She said it "comes on the heels of a devastating defeat in the appellate court of Ecuador."

Craig Smyser, a U.S. lawyer for the Ecuadorians, said in a letter to Kaplan before Friday's ruling was issued that that the remedy sought by Chevron had never been granted in U.S. history under similar circumstances.

"Chevron's latest histrionics and hysteria justify neither a temporary restraining order nor an order of attachment," he said.

In a statement, Chevron said Kaplan "decided the motion on very narrow grounds and did not question the strength of Chevron's fraud evidence."

It added: "Clearly the court has left the door open to a future attachment filing. We look forward to the balance of our racketeering case proceeding and remain committed to holding the plaintiffs' lawyers accountable for their misconduct."

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