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February 14, 2011

Ecuador Judge Orders Chevron to Pay \$9 Billion

By **SIMON ROMERO** and **CLIFFORD KRAUSS**

CARACAS, Venezuela — A judge in a tiny courtroom in the Ecuadorean Amazon ruled Monday that the oil giant [Chevron](#) was responsible for polluting remote tracts of Ecuadorean jungle and ordered the company to pay more than \$9 billion in damages, one of the largest environmental awards ever.

The decision by Judge Nicolás Zambrano in Lago Agrio, a town founded as an oil camp in the 1960s, immediately opened a contentious new stage of appeals in a legal battle that has dragged on in courts in [Ecuador](#) and the United States for 17 years, pitting forest tribes and villagers against one of the largest American corporations.

The award against Chevron “is one of the largest judgments ever imposed for environmental contamination in any court,” said David M. Uhlmann, an expert in environmental law at the [University of Michigan](#). “It falls well short of the \$20 billion that [BP](#) has agreed to pay to compensate victims of the gulf oil spill but is a landmark decision nonetheless. Whether any portion of the claims will be paid by Chevron is less clear.”

Both sides said they would appeal the ruling, setting the stage for months and potentially years more of legal wrangling in the closely watched case, which has already been marked by claims of industrial espionage and fraud, and remarkably bitter disputes among the various lawyers involved. Legal experts said that the size of the award and the attention the case has focused on environmental degradation were likely to encourage similar suits.

The 188-page ruling found Chevron responsible for damages of about \$8.6 billion, and perhaps double that amount if Chevron fails to publicly apologize for its actions within 15 days. The judge also ordered Chevron to pay \$860 million, or 10 percent of the damages, to the [Amazon Defense Coalition](#), the group formed to represent the plaintiffs.

Pablo Fajardo, a lawyer for the plaintiffs, called the ruling a “triumph of justice,” but said it still fell short. “We’re going to appeal because we think that the damages awarded are not enough,” he said in a telephone interview. The plaintiffs were seeking as much as \$113 billion, according to a report recently submitted to the court.

A Chevron spokesman, Kent Robertson, called the decision “illegitimate and unenforceable.” He said Chevron would appeal through the Ecuadorean legal system, and would not pay the damages.

“This is the product of fraud,” he said. “It had always been the plan to inflate the damages claim and coordinate with corrupt judges for a smaller judgment.”

He suggested that the timing of the ruling, a week after Chevron filed a lawsuit against the plaintiffs' lawyers, was not coincidental. He said it was coordinated between the plaintiffs and the court, which had previously accepted an expert environmental opinion that Chevron contended was partly ghost-written by representatives of the plaintiffs, who include villagers and Indian tribes in northeastern Ecuador.

The plaintiffs have denied any collaboration with the judge and said they merely provided information for the expert's report as the court encouraged both sides to do.

Chevron, the second-largest American oil company, reported a net profit of \$19 billion last year. In addition to its appeal in Ecuador, the company hopes to block enforcement of the judgment in American courts.

"It might as well be Monopoly money, given all the respect that Chevron will show it," said Ralph G. Steinhardt, professor of law and international affairs at [George Washington University Law School](#). "There is a legal regime for enforcing foreign judgments but there is a lot of discretion for U.S. judges to suspend the enforcement of foreign judgments."

The decision was the latest installment in a legal soap opera in which Chevron and lawyers for Ecuadorean peasants have sued and countersued over oil pollution in Ecuador's [rain forest](#).

The origins of the case go back to the 1970s, when Texaco, which was later acquired by Chevron, operated as a partner with the Ecuadorean state oil company. The villagers sued in 1993, claiming that Texaco had left an environmental mess that was causing illnesses. Chevron bought Texaco in 2001, before the case was resolved.

Chevron has been playing hardball for at least the last two years. It produced video recordings from watches and pens wired with bugging devices that suggested a bribery scheme surrounded the proceedings and involved a judge hearing the case. The judge was forced to resign, although it was later revealed that an American behind the secret recordings was a convicted drug trafficker.

Chevron appeared to gain the upper hand again when it won a legal bid to secure the outtakes from a documentary about the case, "[Crude](#)," in which Steven Donziger, a lawyer for the plaintiffs, is seen developing strategy and discussing the judicial system and how it operates. Mr. Donziger appeared boastful about meetings with judges and other Ecuadorean officials.

Last week, Chevron filed a suit against dozens of people involved in the case, charging that they conspired to extort the company for \$113 billion by making up evidence and trying to manipulate the Ecuadorean legal system. At the company's request, an American judge issued a temporary restraining order to block any judgment for at least four weeks. A day later, international arbiters ordered Ecuador to suspend the enforcement of any judgment.

Almost lost in the various disputes related to the lawsuit is the fact that Chevron and plaintiffs have agreed that oil exploration contaminated what had been largely undeveloped swaths of Ecuadorean rainforest. The plaintiffs claim that Chevron must be held responsible for damage where Texaco once operated. Chevron, however, argues that Texaco carried out a cleanup agreement with the Ecuadorean

government and that much of the damage was done after Texaco left in the early 1990s, actions for which it should not be held responsible.

“The judge recognized the crime committed,” said Guillermo Grefa, head of a Quichua Indian community who claims that Texaco’s oil contamination created respiratory problems among his people. “For us, this is very little. For us, the crime committed by Texaco is incalculable.”

Simon Romero reported from Caracas, and Clifford Krauss from Houston. John Schwartz contributed reporting from New York, and Irene Caselli from Quito, Ecuador.