

Amazon Defense Coalition

Criminal Indictment of Chevron Lawyers in Ecuador Based on Wide Body of Scientific Evidence

Seven Ecuadorian Government Officials Also Charged with Conspiring with Chevron to Falsify Remediation Results

Company Hit with Multiple Scandals in Matter of Days

For Immediate Release
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Quito, Ecuador (September 15, 2008) – A criminal indictment in Ecuador against two Chevron lawyers, one an executive vice-president, is based on scientific evidence that the oil giant conspired with Ecuadorian government officials to falsify the results of an environmental clean-up to escape a potential multi-billion dollar civil liability pending in U.S. federal court.

Lawyers for the plaintiffs in the ongoing civil trial, which alleges Texaco (now Chevron) dumped billions of gallons of toxic waste into Amazon waterways, say Chevron is misrepresenting the indictment as “politically motivated” when it is actually based on a large body of soil samples generated by an independent investigative agency and corroborated by three other sources, including Chevron itself.

“Chevron has a serious problem because there is extensive evidence that a fraud was committed and much of that evidence comes from Chevron,” said Pablo Fajardo, the Ecuadorian lawyer for the plaintiffs and a recent winner of the prestigious Goldman Environmental Award.

“Chevron always cries ‘political interference’ when it lacks a defense,” he added.

Chevron’s potential liability in the civil trial, which is being heard in Ecuador at Chevron’s request, was assessed at between \$7.2 billion and \$16.3 billion, according to a report by a court-appointed expert released in March. A final decision in the civil trial, which began in 2003, is expected in the coming months.

Those indicted include Ricardo Reis Veiga, a Chevron vice president based in Miami who oversees legal affairs for the company in Latin America, and Rodrigo Perez Pallares, Chevron’s legal representative in Ecuador for more than three decades. Reis Veiga and

Perez Pallares supervised the purported clean-up for Texaco in the mid-1990s that is the focus of the indictment, and both continue to play active roles in supervising Chevron's defense in the civil trial.

The indictment also targeted seven former Ecuadorian government officials who signed documents certifying the remediation. Among them is Patricio Rivadeneira, Garcia, a former Minister of Energy and Mines.

Residents of the Amazon region, including the leaders of five indigenous groups, have alleged for years that the Chevron remediation was a fraud and was orchestrated to secure a release that could be used to dismiss the class action civil case then pending in U.S. federal court in New York. Texaco's lawyers at the time tried repeatedly to use the release – provided before any clean-up work was actually done – to persuade the U.S. court to dismiss the case.

The U.S. judge at the time refused to accept Texaco's contention that the release applied to private claims being pressed by the rainforest residents, and the lawsuit continued. However, Texaco did win a hotly contested motion to transfer the case to Ecuador by claiming its courts were fair and a more appropriate forum for the trial. An Atlanta-based firm, King & Spalding, represented Texaco at the time.

The indictment, released by Chevron on Friday, is based largely on soil sampling of remediated pits and was performed in 2001 by an independent Ecuadorian government agency, called the Controlaria. The sampling by the agency, which is similar to the General Accounting Office in the U.S., is part of the civil trial's official record.

The indictment alleges that Reis Veiga and Perez Pallares signed documents certifying the remediation had been carried out when in fact it had not. Signing the documents violates various anti-fraud provisions in Ecuador's penal code, according to the indictment. The fraud charges carry maximum prison sentences of ten years under Ecuador's penal code.

To defend against the charges, Reis Veiga and Perez Pallares also will have to deal with scientific evidence from the civil trial provided by three separate sources – Chevron, the plaintiffs, and the independent court expert, Professor Richard Cabrera. When Cabrera reviewed roughly 64,000 analytic results produced by these parties, he found that more than 80% of the supposedly "remediated" pits have levels of toxins that violate the law.

Evidence in the civil trial shows "remediated" waste pits with Total Petroleum Hydrocarbons (TPH) of up to 206,512 parts per million (ppm), or 206 times higher than the Ecuadorian norm of 1,000 ppm, according to Douglas Beltman, a scientist at Stratus Consulting in Boulder who works with the plaintiffs. TPH are a body of toxic chemicals that include benzene, a known human carcinogen.

A complete list of the so-called remediated pits that violate Ecuadorian norms – taken from the Cabrera report -- can be found at www.chevrontoxico.com.

Fajardo indicated that there is additional evidence available in the public record that could be used to broaden the prosecutor's case. This includes proof that the two Chevron officials utilized a secret laboratory test that made it technically impossible to detect amounts of toxins in violation of norms.

"Texaco gamed the laboratory test to guarantee acceptable results," said Fajardo.

The timing of the indictment appears to result from the fact the statute of limitations would have expired on Sept. 28, ten years to the day after the final documents were signed indicating the end of the clean-up.

News of the indictment came just one day after Chevron was implicated in a drugs and sex scandal related to the payment of oil royalties to the Department of Interior, and just weeks before Chevron will stand trial in U.S. federal court in San Francisco on charges it violated the human rights of local villagers in Nigeria. The plaintiffs in Ecuador have alleged they have been subjected to death threats and a series of robberies.

The civil lawsuit alleges Chevron dumped 18.5 billion gallons of toxic waste water into Amazon waterways and abandoned hundreds of unlined waste pits gouged out of the jungle floor, causing a spike in cancer rates and forcing five indigenous groups to abandon most of their ancestral land. As the exclusive operator of a large oil concession, Texaco extracted 1.3 billion barrels of oil from the country between 1964 and 1990.

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About the Amazon Defense Coalition

The Amazon Defense Coalition represents dozens of rainforest communities and five indigenous groups that inhabit Ecuador's Northern Amazon region. The mission of the Coalition is to protect the environment and secure social justice through grass roots organizing, political advocacy, and litigation.

CHEVRON'S FRAUDULENT REMEDIATION

Results from Expert Report in *Aguinda v. ChevronTexaco*

Evidence at trial demonstrates that laboratory sampling results in 45 out of 54 Chevron "remediated" pits have illegal levels of Total Petroleum Hydrocarbons. Chevron certified to the Ecuadorian government that it had "completely remediated" these pits. Evidence such as this forms the basis of a criminal fraud indictment against two Chevron lawyers.

#	SITE	CHEVRON'S CLAIM	TPH	NUMBER OF TIMES OVER LEGAL LIMIT
1	Parahuacu 3	Complete Remediation	206,512	206.5
2	Sacha 18	Complete Remediation	35,380	35.3
3	Sacha 65	Complete Remediation	32,444	32.4
4	Shushufindi 27	Complete Remediation	26,413	26.4
5	Atacapi 5	Complete Remediation	21,976	21.9
6	Sacha 21	Complete Remediation	17,000	17.0
7	Shushufindi 21	Complete Remediation	16,033	16.0
8	Shushufindi 67	Complete Remediation	13,587	13.5
9	Shushufindi 45A	Complete Remediation	13,290	13.2
10	Shushufindi 48	Complete Remediation	13,000	13.0
11	Shushufindi 7	Complete Remediation	12,715	12.7
12	Shushufindi 25	Complete Remediation	10,956	10.9
13	Shushufindi 27	Complete Remediation	10,452	10.4
14	Ron 1	Complete Remediation	9,632	9.6
15	Lago Agrio 5	Complete Remediation	8,830	8.8
16	Sacha 94	Complete Remediation	8,700	8.7
17	Aguarico 8	Complete Remediation	8,183	8.1
18	Sacha 57	Complete Remediation	8,100	8.1
19	Sacha 65	Complete Remediation	7,519	7.5
20	Sacha 53	Complete Remediation	7,430	7.4
21	Shushufindi 13	Complete Remediation	7,415	7.4
22	Sacha 51	Complete Remediation	7,200	7.2

CHEVRON'S FRAUDULENT REMEDIATION

23	Shushufindi 45A	Complete Remediation	5,721	5.7
24	Sacha 94	Complete Remediation	5,600	5.6
25	Shushufindi 25	Complete Remediation	5,574	5.5
26	Guanta 4	Complete Remediation	5,510	5.5
27	Shushufindi 7	Complete Remediation	5,334	5.3
28	Shushufindi 48	Complete Remediation	5,000	5.0
29	Shushufindi 18	Complete Remediation	4,881	4.8
30	Lago Agrio 2	Complete Remediation	4,777	4.7
31	Auca 19	Complete Remediation	4,014	4.0
32	Yuca 28	Complete Remediation	3,876	3.8
33	Shushufindi 46	Complete Remediation	3,697	3.6
34	Sacha 56	Complete Remediation	3,600	3.6
35	Sacha 6	Complete Remediation	3,300	3.3
36	Shushufindi 21	Complete Remediation	3,133	3.1
37	Sacha 51	Complete Remediation	3,100	3.1
38	Shushufindi 48	Complete Remediation	3,000	3.0
39	Sacha 10	Complete Remediation	2,802	2.8
40	Shushufindi 48	Complete Remediation	2,700	2.7
41	Sacha 57	Complete Remediation	2,400	2.4
42	Shushufindi 24	Complete Remediation	2,180	2.1
43	Shushufindi 24	Complete Remediation	2,000	2.0
44	Shushufindi 8	Complete Remediation	1,600	1.6
45	Lago Agrio 6	Complete Remediation	1,300	1.3

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Chart adapted by Amazon Defense Coalition
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