

U.S. Court Rejects Ruling Forcing Venezuela Compensation to Exxon



New York, July 13 (RHC)-- In the United States, ExxonMobil's attempts to enforce a \$188 million judgment against Venezuela has faced a surprising rejection from a U.S. appeals court after the company's efforts to wrest compensation from the country for its 2007 nationalization of the oil industry failed to go through proper channels.

The decision overturned a decision by a U.S. district court judge in New York who ruled to enforce the \$1.6 billion award, since reduced to about \$188 million, announced in October 2014 by the World Bank's International Center for Settlement of Investment Disputes.

The ruling, which sided with the argument presented by U.S. lawyers representing Venezuela, found that the company "did not serve Venezuela in accordance with the Foreign Sovereign Immunities Act in order to require a foreign government to respect an international arbitration decision and allow the company to collect the funds.

The federal Foreign Sovereign Immunities Act, or FSIA, offers strict protections for sovereign defendants such as foreign governments and its subdivisions or agencies, limiting the extent to which nations — in

this case, the Bolivarian Republic of Venezuela — could be sued in the U.S.' federal or state courts.

In light of the failure to comply with FSIA, "the District Court, therefore, did not have personal jurisdiction over Venezuela," the appeals court said. "We vacate the judgment against Venezuela."

The decision is the latest chapter in the ongoing battle between the multinational oil giant and Venezuela's socialist government, the latter of which was found by the World Bank to owe the U.S. firm \$1.6 billion for its efforts to regain control of its oil industry.

"We disagree with the decision of the court," Exxon spokesman Todd Spitler said, adding that the Texas-based company is considering its next steps. "The ruling does not affect the underlying award, but requires us to use a different method to have it converted to a U.S. judgment."

While the company can still seek enforcement in compliance with the law, Spitler noted that Exxon has reached an agreement in principle with Venezuela on the expropriation and looks forward to a resolution "in the near future."

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