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The Chevron Pit: Gibson Dunn Associates Begin to Flee as Firm's Ethical Problems In Chevron's Ecu...

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MONDAY, JULY 23, 2012

Gibson Dunn Associates Begin to Flee as Firm's Ethical Problems In Chevron's Ecuador Case Deepen

Ethical problems in the "transnational litigation practice group" at Chevron's lead outside law firm, Gibson Dunn and Crutcher (GDC), are

mounting fast with word that top-ranking associate Kristin Hendricks -recently sanctioned by a U.S. federal court -- has abandoned her job. The departure of Hendricks appears to be part of a broader trend by young GDC lawyers disgusted with the firm's tawdry tactics on the high-profile Ecuador environmental case, which has produced a series of devastating legal setbacks for Chevron and all sorts of problems for GDC over the last twelve months.

Hendricks, a 2006 graduate of NYU Law School, had been sanctioned in 2011 by U.S. Magistrate Judge Thomas M. Coffin in Oregon (see here) for "harassing" the executive director of a small environmental non-profit that had been helping the Ecuador rainforest communities that recently won an \$18 billion judgment against Chevron. A detailed affidavit documenting GDC's many unethical practices in the Oregon action (which included Hendricks, partner Randy Mastro, and associates Alexandra Southwell, and Gregory Shill) and on which Judge Coffin based his decision, can be found here.

The larger issue is that many young lawyers probably don't want to represent a client who committed gross human rights abuses and then lied to cover up thousands of deaths, while the partners who orchestrate the litigation reap millions of dollars in fees. A video about the horrific human rights violations committed by Chevron in Ecuador can be found here and a summary of the overwhelming evidence against the company can be found here.

The background on how Hendricks found herself sanctioned by a federal court at the outset of her legal career - and how she was left hung out to dry by Gibson Dunn partner Mastro- can be found here. For broader context on GDC's many ethical problems in the Ecuador case, including multiple sanctions imposed on the firm by courts in the U.S. and Ecuador, see this blog published in the Huffington Post.

With almost comical fanfare, Gibson Dunn in 2010 announced a new "Transnational Litigation and Foreign Judgments" practice group of 27 lawyers specializing in "defending multinational corporations against tort and related claims emanating from abroad." Headed by Ted Boutrous, Scott Edelman, Andrea Neuman, and William Thomson – and using Mastro on the Chevron matter - the group has got off to stuttering start to say the least. As far as we can tell, the only client the group has signed up is Chevron.

GDC brags in its marketing materials that it is a bastion of "innovative thinking" whose lawyers conduct "rescue operations" for clients in trouble. While GDC's marketing prowess no doubt has generated millions of dollars in fees from Chevron management for the firm's

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Chevron's Growing Reputation As Rogue Company Rein...

EXHIBIT A

partners, its courtroom performance has been nothing less than a disaster for Chevron shareholders.

Consider just some of the setbacks Chevron has suffered since General Counsel R. Hewitt Pate – himself a central beneficiary of this suspect operation who has his own conflicts of interest (see here) -- hired GDC's vaunted "rescue operation" in 2009:

- Only 18 months after GDC began its representation, Chevron
 was found liable in Ecuador for \$18.2 billion in damages the
 largest environmental judgment in history. A summary of the
 evidence can be seen here.
- A three-judge panel on Ecuador's appellate court affirmed the Ecuador trial court judgment in its entirety and blasted Chevron's counsel for engaging in malfeasance and attempting to intimidate judges. In the process, it upheld a \$9 billion punitive damages award.
- In May and June, the Ecuadorians filed enforcement actions in Canada and Brazil, encumbering and potentially seizing billions of dollars worth of Chevron assets. A Chevron comptroller, in a sworn affidavit, had said the lawsuits would cause "irreparable harm" to the company.
- Earlier this year, a U.S. federal appeals court in New York blew up GDC's primary defense for Chevron. A three-judge panel vacated an illegal injunction purportedly blocking the Ecuadorians from enforcing their judgment. Mastro, who argued for Chevron, was literally laughed at by the panel when he tried to dodge simple questions. See here.
- GDC's "fraud" allegations against the Ecuadorian rainforest communities and their counsel have now been rejected outright or not adopted by the Ecuadorian trial court, the Ecuadorian appellate court, 15 U.S. federal trial courts, and four U.S. appellate courts.
- Chevron CEO John Watson is facing a growing shareholder rebellion over his (and GDC's) mishandling of the Ecuador litigation. Several shareholders excoriated him publicly at the company's annual meeting in May. See here and here.
- Under GDC's watch, Chevron is also facing an investigation for lying to shareholders to cover up its Ecuador risk. In May, U.S. Rep. Jan Schakowsky petitioned the Securities and Exchange Commission to determine whether Chevron is misleading shareholders. The letter was based on a devastating report by securities lawyer Graham Erion.
- In 2009, Chevron was ordered to pay all attorney fees associated with the defense of a civil lawsuit brought by GDC against

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CHEVRON'S WASTE



The Toxic Waste Chevron Left Behind In Ecuador

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Cristobal Bonifaz, a former lawyer for the Ecuadorians. A state judge in California found that the lawsuit was designed to harass Bonifaz and suppress his First Amendment rights.

- Finally, the same GDC practice group used by Chevron in the Ecuador case recently was hit with sanctions from a second California judge for filing a frivolous lawsuit to suppress the free speech rights of a filmmaker who made a documentary about how pesticides used by Dole in Central America have poisoned banana workers.
- GDC's representation of Chevron also coincided with the use of an illegal corporate espionage and intimidation campaign against the lawyers for the Ecuadorians. In Manhattan, New York lawyer Steven Donziger was followed on a 24/7 basis for several weeks by six "investigators" believed to have ties to GDC. Lawyers fighting GDC in Ecuador have been subject to acts of spying and intimidation and have sought protection from the Inter-American Commission On Human Rights.

With problems like these growing, no wonder GDC is no longer considered a desired destination for young lawyers.

As Hendricks departs, we received word from three different sources that resumes are flying around New York as GDC associates try to bolt work on the Ecuador case, which is now considered a big loser of a career move. Stay tuned as details emerge.

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Also follow us on Twitter at @ChevronPit and like us on Facebook. Visit and watch a video on ChevronToxico.com to find out more. Support Amazon Watch and Rainforest Action Network.

POSTED BY ADMIN AT 9:30 AM

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CHEVRON'S ECUADORIAN TOXIC WASTE PITS



CLEANING UP CHEVRON'S MESS



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CLEANING UP CHEVRON'S MESS IN ECUADOR



EXHIBIT A

CHEVRON'S OIL ON THE GROUND ECUADOR



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