

PRESS RELEASE

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**Lawsuit Against Venezuela-owned Citgo Petroleum Seeks End to
Anticompetitive Price Fixing of Petroleum Products Sold by Citgo in the U.S.**

**Suit Strikes at the Role Played by Venezuela to Support
OPEC Manipulation of Oil Prices in the U.S.**

November 15, 2006. Washington, D.C. - A federal price-fixing lawsuit was filed late Monday against Citgo Petroleum Incorporated on behalf of a class of plaintiffs who purchase gasoline, asphalt, lubricants, various petrochemicals, motor oil, and other refined oil products directly from Citgo throughout the country.

The complaint arises out of Citgo's willing and conspiratorial participation in the anticompetitive conduct of the Organization of Petroleum Exporting Countries ("OPEC"), the world's most notorious and successful price-fixing cartel. CITGO, a Delaware corporation, is wholly owned by PDVSA, the state oil company of Venezuela. Each year Citgo sells over \$25 billion worth of refined oil products in the United States. Plaintiffs allege, as cited in the complaint, that "Venezuela and the OPEC conspiracy, using Citgo as a tool of its unlawful scheme, have thus entered United States territory for the purpose and with the effect of bringing to fruition their unlawful scheme to sell oil-based products to American consumers at anticompetitive prices."

OPEC's eleven member nations control more than three-quarters of the world's proven recoverable crude oil reserves and control more than 40 percent of the world's oil exports. The avowed purpose of the OPEC cartel is to raise and maintain world oil prices above competitive levels, thus increasing the prices of gas and refined oil products throughout the United States. As a result, the cartel's member nations and their instrumentalities, like Citgo, reap unprecedented monopoly profits at the expense of American consumers. Crude oil prices have increased from an average of less than \$10 per barrel in 1986 to a high of over \$78 per barrel in July 2006. Indeed, just in the last few weeks, OPEC announced that its member nations had agreed to cut their actual production by 1.2 million barrels per day, from 27.5 million to 26.3 million barrels per day, for the express purpose of halting the recent decline in oil and establishing a \$60 per barrel floor on the price of oil.

The complaint, brought under Section 1 of the Sherman Act and Sections 4 and 16 of the Clayton Act, alleges that Citgo actively has participated in OPEC's illegal price-fixing conspiracy, has provided unlawful assistance to OPEC, and has implemented Venezuela's and OPEC's price-fixing scheme in the United States. The complaint alleges that Citgo has agreed with OPEC to provide the cartel, directly and through member nation Venezuela, with technical services and with information that greatly assist OPEC in its effort to fix the price of oil at anticompetitive levels.

For example, according to the complaint, Citgo's current Board of Directors member Bernard Mommer and former Director Luis Vierma, participated extensively in the development of OPEC's Long-Term Strategy while sitting on the Board of Directors of Citgo. Mr. Mommer's participation in the development of OPEC's Long-Term Strategy was so extensive that OPEC issued a press release explicitly praising Mr. Mommer for the "outstanding work" he performed in helping to "draw[] up a comprehensive long-term strategy for the Organization." According to lead counsel for the plaintiffs, Charles J. Cooper of D.C.'s Cooper & Kirk, PLLC, the suit represents the "first time a major American corporation has been alleged to have directly participated in OPEC's illegal price-fixing cartel."

The complaint also alleges that, to further Venezuela's participation in and capability to implement OPEC's price-fixing conspiracy in the U.S., Citgo has spent hundreds of millions of dollars building refinery capacity that can handle generally low-quality Venezuelan crude. Citgo is now the single largest purchaser of Venezuelan crude oil in the world and Venezuela supplies more than 50 percent of Citgo's total refining capacity of more than 700,000 barrels per day. According to attorney for plaintiffs Robert

Eisler of New York's Lief Cabraser Heimann & Bernstein, LLP, Citgo's supply contracts are clearly anticompetitive and designed to assist the cartel: "Citgo has agreed to buy Venezuela's crude oil whenever Venezuela wants to sell it to Citgo, but Venezuela has no obligations to provide the crude if it decides to reduce its output for any reason, including an anticompetitive reason." In addition, says Eisler, "Citgo has failed to take action against Venezuela when Venezuela has breached its supply contracts."

Attorney for the plaintiffs Geoffrey L. Harrison of Houston's Susman Godfrey LLP had this to say about the lawsuit: "Citgo and its co-conspirators have flouted our country's antitrust laws and helped themselves to billions of dollars worth of illegally inflated profits like hogs at the trough. This lawsuit demonstrates that Citgo's anticompetitive conduct is illegal and has caused titanic damage to American consumers. Enough is enough."

The action was filed in the United States District Court for the Southern District of Texas. Plaintiffs seek to recover actual damages incurred as a result of the illegal OPEC price-fixing cartel and to enjoin future illegal conduct by Citgo. Under federal antitrust laws, these damages will be trebled in the event of a judgment in plaintiffs' favor. Plaintiffs also are requesting an award of punitive damages. A copy of the complaint filed in this action is available at:

www.citgopricefixinglawsuit.com. The class is limited to direct purchasers of Citgo's refined oil products. Individuals who have purchased gasoline from Citgo stations are not members of the class.

Plaintiffs are represented by a team of highly experienced litigation law firms and lawyers: Cooper and Kirk PLLC (www.cooperkirk.com) of Washington, D.C.; Cunningham, Bounds, Crowder, Brown & Breedlove, LLC (www.cunninghambounds.com); Lief Cabraser Heimann & Bernstein, LLP (www.lieffcabraser.com); and Susman Godfrey LLP (www.susmangodfrey.com).