

Susman Godfrey Wins for Vitol, Inc. in \$10 Billion PDVSA US Litigation Trust Case

Susman Godfrey won a major victory for its client, Vitol Inc., in March 2019 when a federal court in Miami completely dismissed a lawsuit against Vitol, Inc. and other trading firms for allegedly conspiring to cheat Venezuela's state-owned oil company, Petroleos de Venezuela SA (PDVSA), out of billions of dollars.

The lawsuit was filed in March 2018 by PDVSA US Litigation Trust, a New York-based litigation trust, which claimed to hold a valid assignment of claims from PDVSA. The trust alleged that the 23 defendants violated the antitrust laws and the RICO statute by conspiring to rig bids submitted to PDVSA for the supply and purchase of various energy products, allegedly costing PDVSA more than \$10 billion.

At the outset of the case, Vitol and the other defendants challenged the trust's standing and the legal validity of the purported assignment of claims from PDVSA to the trust. After the parties completed expedited discovery on the trust's standing, submitted extensive briefing, and conducted a two-day evidentiary hearing, U.S. Magistrate Judge Alicia M. Otazo-Reyes concluded that the trust failed to establish its standing and recommended dismissal of the complaint. In a 37-page report, Judge Otazo-Reyes concluded that (a) the trust did not present admissible evidence to prove it held a valid assignment of claims from PDVSA, and (b) the formation of the trust violated both New York and Venezuelan law.

The trust then filed an objection with U.S. District Judge Darren Gayles, asking the District Court to reject the Magistrate Judge's recommendation and find that the trust had a valid assignment of claims and could proceed with its case. After additional briefing, Judge Gayles agreed with defendants and dismissed the case. The court held that the Trust failed to establish it had a valid assignment of claims from PDVSA and therefore lacked standing to file the lawsuit. The court further held that the Trust Agreement is "void under the New York law on champerty." As the court explained, "The clear purpose of the Trust Agreement was to bring this lawsuit – with attorneys and investors as the primary beneficiaries. As a result, the Trust Agreement is void under New York law and cannot provide a basis for Plaintiff's standing to bring this action."

Susman Godfrey was tapped by the 23 defendants in this case to lead the briefing efforts on the motion to dismiss before both the Magistrate Judge and the District Court. The Susman Godfrey team on this matter included managing partner, [Neal Manne](#), partner [Alex Kaplan](#), and associates [Michael Gervais](#) and [Michael Kelso](#).