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From: Jose Cardenas <JC@thecormacgroup.com>
Sent: Monday, July 8, 2024 4:22 PM
To: Jose Cardenas (jrc@cardenassolutions.com)
Subject: Citgo Update

Dear Colleagues,

I wanted to update you on two important developments in the efforts of vulture funds to force the sale of Citgo to pay for the crimes of *chavismo*, and thus deprive the country of the most valuable asset still controlled by the opposition.

In the first instance, last week in New York, where bondholders are targeting Citgo for defaulted PDVSA (regime) 2020 bonds, the Ad Hoc Board of Petróleos de Venezuela S.A. (opposition), won an important legal victory in the United States Court of Appeals for the Second Circuit.

By accepting the Ad Hoc Board's position that Venezuelan law governs the validity of PDVSA's 2020 bonds, charging they were not legally issued under the Venezuelan Constitution, the Second Circuit unanimously ruled that the district court erred in applying New York law, vacated the district court's contrary decision. and remanded the case for determining the validity of the bonds under Venezuelan law.

The Ad Hoc Board has maintained from the beginning that the illegitimate Maduro regime's unconstitutional promise to grant CITGO as collateral for the 2020 bonds was invalid and endangered one of PDVSA's most valuable strategic assets.

In the second instance, in Delaware, where vulture funds are targeting Citgo after having acquired the claims of companies who have had their properties illegally confiscated without compensation by *chavismo*, a federal judge is delaying Citgo forced sale proceedings until after the July 28th election.

That means any negative news will not be able to be exploited by the Maduro regime at the expense of the opposition until after the electoral process is over.

The postponement was endorsed by the U.S. Department of Justice, which submitted a letter saying delaying would avoid "tension" during this "sensitive juncture" for the Republic. The DOJ also affirmed that democracy for Venezuela was foreign policy priority of the U.S. government.

Lastly, the sale process outcome has turned even more complex after creditors excluded from the Delaware procedure filed, last month, multi-billion enforcement actions against PDVH, a PDVSA subsidiary and holder of Citgo shares, based on alter ego relationship between PDVSA and PDVH, increasing the risk of potential liabilities and vast litigation.

Please let us know if you have any questions.

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Reuters

Venezuelan opposition gets US court boost in dispute over Citgo-backed bonds

NEW YORK, July 3 (Reuters) - A U.S. appeals court on Wednesday set aside a judge's ruling that bondholders had valid claims against Venezuela's state-run oil company related to its U.S. refiner Citgo, and directed the judge to apply Venezuela law in assessing the claims.

The decision by the 2nd U.S. Circuit Court of Appeals in Manhattan could provide a boost to opponents of Venezuelan President Nicolas Maduro, who have since 2019 controlled some of the Petroleos de Venezuela's (PDVSA) overseas assets.

U.S. District Judge Katherine Polk Failla in Manhattan had applied New York law in October 2020 when she authorized PDVSA bondholders to seize a 50.1% stake in Citgo, a PDVSA subsidiary that had been pledged as collateral for the bonds.

Failla also entered a $1.68 billion judgment against PDVSA, declaring it in default.

The bonds had been issued under Maduro, but opponents said the opposition-controlled National Assembly never approved using Citgo as collateral.

In Wednesday's decision, the 2nd Circuit said that while it could decide questions of foreign law, Failla was in a better position because she had reviewed materials from the parties and expert witnesses.

Venezuela's opposition wanted the dispute resolved under their country's law.

Lawyers for PDVSA and for the bondholders' respective trustee and collateral agent, MUFG Union Bank and GLAS Americas, did not immediately respond to requests for comment.

Oil prices edged lower on Monday, reversing course after four weeks of gains, as hopes of a ceasefire deal in Gaza eased worries of tightening supply.

Citgo is considered Venezuela's most prized asset outside the country.

Based in Houston, Citgo operates three refineries and a network of pipelines and terminals, and supplies thousands of Citgo-branded gas stations.

In October 2022, the 2nd Circuit had asked New York's highest court for guidance on whether Venezuelan or New York law governed the bond dispute. The state court decided in February that Venezuelan law applied.

The case is Petroleos de Venezuela SA et al v MUFG Union Bank NA et al, 2nd U.S. Circuit Court of Appeals, Nos. 20-3858, 20-4127.

Original article here.

Bloomberg

Citgo Parent Sale Hearing Delayed as Special Master Weighs Bids

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A federal judge pushed back a hearing for the sale of Citgo Petroleum Corp.'s parent company, giving a court-appointed special master more time to evaluate bids for control of one of the largest oil refiners in the US.

Judge Leonard Stark moved the hearing to September 19 after the special master, Robert Pincus, asked for the additional time to ensure the winning bid maximizes the company's value. The hearing was previously set for July 15.

Pincus plans to announce the winning bid on July 31, moving a years-long saga over PDV Holding closer to a conclusion. Shares of the Citgo parent company are being auctioned off by the Delaware court to satisfy about $20 billion in claims against the Venezuelan government and its state-owned oil company, Petroleos de Venezuela SA — the ultimate owner of PDV Holding.

Ray Schrock, a lawyer for Pincus, said at the hearing on Tuesday that Pincus received "several competitive bids that the special master believes are actionable" in the final round of the auction that ended June 11. Even after the winner is announced, parties will have time to object before the September hearing.

Companies like independent oil trader Vitol and Canadian miner Gold Reserve Inc. have shown interest in acquiring the shares.

Citgo operates three refineries in the US with a combined capacity of 807,000 barrels per day, according to its website. It also has one of the largest networks of oil terminals, as well as pipelines and lubricant plants.

Representatives for PDVSA, which is controlled by Venezuela's US-recognized opposition, have been lobbying the Biden administration to halt the sale of PDV Holding ahead of presidential elections in Venezuela, scheduled for July 28.

The case is Crystallex International Corp. v. Bolivarian Republic of Venezuela, 17-mc-00151, US District Court, District of Delaware (Wilmington).

Original article here.

Best Regards,

José R. Cárdenas
c) 202-812-0123

"DISSEMINATED BY THE CORMAC GROUP, A REGISTERED FOREIGN AGENT, ON BEHALF OF THE AD HOC BOARD OF PETROLEOS DE VENEZUELA, S.A. THROUGH VISION AMERICAS INTERNATIONAL LLC. MORE INFORMATION IS ON FILE WITH THE DEPARTMENT OF JUSTICE, WASHINGTON, D.C."

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