

Dear Colleagues,

It was inevitable. The convoluted court effort to dispossess the U.S.-recognized Venezuelan ownership of Citgo Petroleum is now imploding over flagrant conflicts-of-interest charges.



Last week, *Reuters* reported the presiding judge denied motions to disqualify him, the court-appointed Special Master, and two advising firms overseeing the forced sale after participants in the process accused firms advising the court of receiving some \$170 million in fees from affiliates of Elliott Investment Management, whose bid, in a reversal, was recommended as the auction's winner over a previously accepted bid.

The rightful owners of Citgo Petroleum, the U.S.-recognized PDVSA Ad Hoc, issued the following statement below expressing their fundamental concern with this latest twist in the meandering process.

As always, if you have any questions, please do not hesitate to reach out...

Best Regards,

José R. Cárdenas

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Junta Administradora ad hoc
de Petróleos de Venezuela, S.A.

PDVSA Ad Hoc Board Expresses Deep Concern Over Irregularities in Forced Sale of CITGO Flagrant Conflict-of-Interest Casts a Pall on Process

The Ad Hoc Administrative Board of Petróleos de Venezuela, S.A. (PDVSA Ad Hoc) — recognized by the U.S. government as the legitimate overseer of PDVSA's overseas oil assets — said a judge's ruling this week to deny motions to disqualify a court officer, and two advising firms overseeing an auction of shares in the parent of U.S. refiner Citgo Petroleum, casts a pall over the integrity of the entire process.

The Ad Hoc Board reiterates that the probity and impartiality of the process can only be achieved through a fundamental reorganization of the court effort, which has been marred by constant delays, reversed decisions, and other controversies such as conflicts-of-interest.

The motion to disqualify was co-filed by the U.S.-recognized government of the Republic of Venezuela, PDVSA and its subsidiaries citing alarming conflicts of interest by officers of the Court that undermine essential norms of due process and the rule of law.

Following the judge's decision PDVSA could continue exercising all legitimate rights to defend its assets and request respect for due process and rule of law:

BACKGROUND:

1. On October 9, 2025, the legal representatives of PDVSA's Ad Hoc Administrative Board, the Republic of Venezuela, PDV Holding, and CITGO filed a motion to disqualify the Court's Special Master, alleging that the Special Master's advisers — the law firm Weil, Gotshal & Manges and investment bank Evercore — received approximately \$170 million in fees from Elliott Investment Management, its affiliated companies, and groups of noteholders of PDVSA 2020 bonds collectively, *without having disclosed this to the Court.*

This situation is troubling given that the recommendation made by the Special Master, as a result of his advisers' work, ultimately favored the offer to purchase Citgo submitted by Elliott and its affiliates, in association with a purported out-of-court settlement with holders of the PDVSA 2020 bonds, which reveals a direct conflict between the interests of the advisers and their clients (Elliott and holders of the PDVSA 2020 bonds) and those of other bidders.

2. The conflict is even more apparent when Elliott's offer to purchase CITGO for approximately \$5.9 billion is some \$2 billion lower than that of its competitor, which was already much lower than CITGO's value.

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This is shocking to the conscience and shows that the forced-sale process conducted by the Special Master *did not fulfill the purpose of maximizing the company's value*. This was flagged by PDVSA in a press release dated January 9, 2024, where it was stated that the forced-sale process “was not the appropriate method” and that it would end up creating “a great inequity.”

3. It is therefore highly concerning that the Special Master’s advisers ended up *favoring their own clients*, with whom they maintained ongoing engagements at the very same time they were acting as advisers to an officer of the Court in the CITGO forced-sale process. As stated by the Co-Chair of Weil’s Restructuring Practice—taken from an email addressed to the firm’s lawyers who were working with the Special Master and submitted to the Court — he “would hate for [Elliott] not to want to work with us.”

In an excessive display of “too big to fail,” support for their client is reflected not only by recommending their client’s bid, but also in assuring it a discount of billions of dollars, considering the value offered by the rival bid and CITGO’s market valuation. In the words of the Venezuela Parties’ counsel in the proceeding: “While the Venezuelan parties predicted that the sale process would fail, they could not have predicted that the administrator’s advisers would also corrupt it.” +

[The case has been covered by the *Wall Street Journal* in the article, “Citgo Bidder, Auction Overseer Clash Over,” and the website OilPrice.com with the publication of “Citgo Auction Turns Ugly as Venezuela Fights to Keep Its Last Crown Jewel.”]

4. We recall that this proceeding concerns an enforcement action based on a legal interpretation that we consider erroneous regarding the application of the “alter ego” doctrine and the jurisdiction of the court, as we have stated on repeated occasions.

The Ad Hoc Administrative Board of PDVSA reiterates its commitment to protect its assets and demands that any action in this sphere be conducted according to the highest standards of impartiality, transparency, and procedural rigor. PDVSA Ad Hoc will continue defending its legitimate rights and remind the public that PDVSA’s assets remain protected in the United States by regulation approved by the Office of Foreign Asset Controls (OFAC).

Ad Hoc Administrative Board of PDVSA

Florida, November 14th, 2025

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