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CHEVRON CORPORATION AGREES TO PAY \$30 MILLION
IN OIL-FOR-FOOD SETTLEMENT

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, ROBERT M. MORGENTHAU, the District Attorney for New York County, MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and ADAM J. SZUBIN, the Director of the Department of the Treasury's Office of Foreign Assets Control ("OFAC"), today announced an agreement ("the Agreement") resolving the criminal and civil regulatory liabilities of CHEVRON CORPORATION and its subsidiaries ("CHEVRON") relating to CHEVRON's procurement of Iraqi oil under the United Nations Oil-for-Food Program. According to the Agreement, CHEVRON obtained Iraqi oil under the Program from third parties that paid secret, illegal surcharges to the former government of Iraq, in violation of United States wire fraud statutes and administrative regulations that prohibited transactions with the former Government of Iraq. Pursuant to the Agreement, CHEVRON will make the following payments totaling \$27,000,000: (1) forfeiture of \$20,000,000 to the U.S. Attorney's Office for the Southern District of New York ("SDNY"), which will seek to transfer that money to the Development Fund of Iraq (established on May 21, 2003, by United Nations Security Council Resolution 1483) to be

paid as restitution for the benefit of the people of Iraq; (2) \$5,000,000 to the New York County District Attorney's Office ("DANY") to be distributed as DANY shall deem appropriate; and (3) \$2,000,000 to OFAC in settlement of civil penalties. In a separate agreement, CHEVRON agreed to pay an additional monetary penalty of \$3,000,000 to the Securities and Exchange Commission ("SEC"), and to pay disgorgement of \$25,000,000, which will be satisfied by their payments to SDNY and DANY.

Today's Agreement is the result of a joint investigation by the U.S. Attorney's Office for the Southern District of New York and the New York County District Attorney's Office. Also participating in this investigation were the FBI, the NYPD, and OFAC.

In addition to the monetary payments, the Agreement obligates CHEVRON to continue cooperating fully with SDNY, DANY, the FBI, the SEC, OFAC, and any other law enforcement agency designated by SDNY or DANY. CHEVRON will not be prosecuted for any crimes (except possibly criminal tax violations) related to its purchases of Iraqi oil under the United Nations Oil-for-Food Program from approximately mid-2000 to March 2003 that involved the payment by third parties of secret illegal surcharges to the former Government of Iraq, including as set forth in Exhibit A to today's Agreement.

SDNY's decision to enter into the Agreement was guided by the factors set forth in the Department of Justice's memorandum, "Principles of Federal Prosecution of Business Organizations." Among other factors, SDNY's decision took account of CHEVRON's (1) cooperation with the various Government investigations into the corruption of the Oil-for-Food Program; (2) commitment to continue to provide cooperation; (3) implementation of enhanced compliance procedures that are designed to prevent future violations of law by its employees; (4) confirmation that culpable employees were no longer working for CHEVRON; (5) settlement of the SEC's civil enforcement action prior to entering the Agreement with SDNY; and (6) agreement to forfeit at least \$20,000,000 -- representing the approximate amount of illegal surcharges paid to SADDAM HUSSEIN's Government by third parties in connection with Iraqi oil purchased by CHEVRON -- for ultimate transfer to the Iraqi people through the Development Fund for Iraq. SDNY also considered the significant consequences that a criminal indictment would have upon the legitimate operations and innocent employees and shareholders of CHEVRON. Accordingly, after carefully balancing all the factors in the Principles of Federal Prosecution of Business Organizations, SDNY concluded that the public interest has been

vindicated and that the criminal prosecution of CHEVRON would not serve the public interest. DANY also concluded that the Agreement with Chevron would be in the public interest.

This case is one of many that are the result of an unprecedented, wide-ranging criminal investigation into the United Nations Oil-for-Food Program. In mid-2000, the former Government of Iraq, under SADDAM HUSSEIN, began conditioning the right to purchase Iraqi oil under the Oil-for-Food Program -- a program intended to provide humanitarian aid to the Iraqi people -- on the purchasers' willingness to return a portion of the profits secretly to Hussein's government, then the subject of international sanctions. To date, the investigation has produced cases against 12 individuals and 7 entities (including CHEVRON) -- of which 6 individuals and 2 entities pleaded guilty, 1 individual was found guilty at trial, and 2 entities reached agreements with SDNY. The remaining cases are pending. Also as a result of the investigation, over \$47.5 million in criminal proceeds has been forfeited or has been agreed to be forfeited to SDNY; SDNY will seek to transfer these funds to the Development Fund of Iraq as restitution for the benefit of the people of Iraq.

Mr. GARCIA praised the efforts of the FBI, the SEC, OFAC, and the NYPD in the investigation.

Assistant United States Attorneys EDWARD C. O'CALLAGHAN, STEPHEN A. MILLER, MICHAEL FARBIARZ, and SHARON LEVIN, and Assistant District Attorneys RAHUL KALE and PAMELA DICKSON, who have been designated Special Assistant United States Attorneys for this matter, are in charge of the ongoing investigation.

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