

## Morgan Stanley ordered to pay \$2.4M

### Arbitration Law Bulletin

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A Finra arbitration panel ordered Morgan Stanley to pay at least \$2.4 million in the latest round of claims by clients of a former Mississippi broker who has repeatedly been accused of mishandling investments,

A group of physicians and their family members were the latest clients to be awarded a monetary judgment after accusing former Morgan Stanley broker Steven Mark Wyatt of unauthorized and excessive stock-market trading they say cost them money during and after the 2008 financial crisis.

The six investors had accused the firm and the branch manager, Fred Brister, of failing to supervise brokers Steven Wyatt and Hilary Joseph Zimmerman, who the investors alleged had mismanaged customer accounts and engaged in suspect trading, according to their arbitration claim with the Financial Industry Regulatory Authority. The alleged misconduct occurred over a period of roughly four years starting in 2008, said Joseph Peiffer, a New Orleans-based lawyer representing the investor group.

#### **Award:**

- The arbitration panel awarded the investors a combined \$1.5 million in damages plus interest, along with \$104,000 in punitive damages and more than \$677,000 in legal and other costs, according to the award posted on Finra's website.

- As is customary, the Finra arbitrators didn't provide details on the reasoning for their decision, which was dated July 24.
- The investors had sought at least \$4.4 million in damages, plus other amounts.

## Venezuela appeals once again - ICSID Arbitration

Venezuela appeals for 2nd time to World Bank panel in Conoco dispute, the case is linked to the nationalisation of the company's assets.

The US oil giant filed for further arbitration in October through the International Centre for Settlement Disputes (ICSID) against Venezuelan state oil company PDVSA for losses related to the 2007 nationalization of oil production led by former president Hugo Chavez.

In a partial decision last year, the ICSID panel said that the 2007 takeover by late socialist leader Hugo Chavez of Conoco's oil projects was unlawful. ConocoPhillips is continuing to seek US \$30 billion, just as when the claim was initially submitted in 2007.

Venezuela's Attorney General's Office said it formally requested the previous day that ICSID "reconsider its position with respect to the ruling."

The OPEC nation has requested various reviews of recent ICSID decisions, which critics see as attempts to stall the payment of fines.

### Background of the case

- Venezuela is in the midst of a recession, due partly to low oil prices. Crude accounts for 96 percent of the country's foreign income.

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- In July the panel rejected Venezuela's request to recuse two arbitrators for their "marked attitude against the Republic."
- Last October, Conoco filed for arbitration at the International Chamber of Commerce against Venezuelan state oil company PDVSA for compensation related to the termination of its partnership contract after the nationalization of oil projects.

## Kazakhstan seeks to adopt Dubai's commercial arbitration model

Kazakhstan Justice Ministry delegation visits Dubai International Arbitration Centre to learn and exchange arbitration expertise

Dubai - The Dubai International Arbitration Centre (DIAC), an initiative of Dubai Chamber of Commerce and Industry, shared its experience and expertise in settling commercial disputes during a meeting.

The Kazakh delegation visit came in the framework of exchanging of experiences and know-how with the Dubai International Arbitration Centre, which is one of the world's leading centres for commercial arbitration and has, since its inception, been promoting the importance of arbitration in stimulating the business environment of Dubai and the region.

### Highlights:

- The current Dubai International Arbitration Center (DIAC) is an autonomous, permanent, non-profit institution that provides arbitration services and facilities.
- The Kazakhstan group expressed a desire to apply Dubai's arbitration model in their country, which is looking to raise the competency level of the few independent arbitration tribunals that operate there.

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Al Mulla said the DIAC's biggest suggestion is to become part of the New York Convention on Arbitration, which sets the standard for world-class arbitration law. International standards set by International Chamber of Commerce and the International Council for Commercial Arbitration are also good practices to follow to strengthen Kazakhstan's arbitration abilities.

## U.S. court rejected Ecuador's challenge over an Arbitration Award

A U.S. appeals court on Tuesday rejected Ecuador's challenge to a \$96 million international arbitration award in favour of energy giant Chevron Corp, marking the latest twist in a decades-long dispute over the development of oil fields in the South American country.

The District of Columbia U.S. Circuit Court of Appeals upheld a 2011 award from The Hague's Permanent Court of Arbitration in the Netherlands.

The Ecuador Attorney General's office said in a statement that it was reviewing the decision and evaluating options, which could include an appeal.

### Background of the case

- The dispute stemmed from a 1973 deal that called for Texaco Petroleum Co, later acquired by Chevron, to develop oil fields in exchange for selling oil to the Ecuadorean government at below-market rates. Texaco filed several lawsuits in the 1990s accusing Ecuador of violating the contract.

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- The decision is not part of a separate legal battle brought by a group of Ecuadorean villagers who claim Texaco caused billions of dollars in pollution damage when it began exploring oil deposits in the 1960s.
- In the case at hand, Chevron initiated an arbitration proceeding at The Hague in 2006, claiming the Ecuadorean courts failed to resolve the lawsuits in a timely manner, violating a treaty between Ecuador and the United States. A panel awarded Chevron \$96 million, which was subsequently upheld by the Dutch court system.
- Chevron then filed a federal lawsuit in Washington, seeking a judgment confirming the panel's decision in order to collect the award. After a federal judge affirmed the award in 2013, Ecuador appealed to the D.C. Circuit.

Ecuador says the arbitration tribunal has no jurisdiction in the case because the bilateral trade agreement took effect five years after Texaco ended operations in Ecuador in 1992.

Chevron continues to fight claims from the Ecuadorean villagers, who have filed lawsuits in Canada, Brazil and Argentina seeking to enforce a \$9 billion judgment rendered in Ecuador against Chevron.

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