



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

Press Release, Decision of the Second Circuit Court of Appeals

New York, July 3, 2024

The Ad Hoc Board of Petróleos de Venezuela S.A. (PDVSA), which was appointed by the democratically elected Venezuelan National Assembly in 2015; won an important legal victory in the United States Court of Appeals for the Second Circuit.

Accepting the Ad Hoc Board's position—previously upheld by the New York State Court of Appeals—that Venezuelan law governs the validity of PDVSA's 2020 bonds, the Second Circuit vacated the district court's contrary decision and remanded the case for determining the validity of the bonds under Venezuelan law.

In 2019, the Ad Hoc Board filed legal action in the United States District Court for the Southern District of New York seeking a declaration that the 2020 bonds, issued by Maduro-controlled PDVSA despite the express objections of the Assembly National, were not valid under the Venezuelan Constitution. The district court upheld the validity of the bonds and concluded that New York law (and not Venezuelan law) applied. On appeal, the Second Circuit certified the question of applicable law to the New York Court of Appeals (New York's highest state court unanimously agreed with the Ad Hoc Board's position that Venezuelan law (including provisions of the Venezuelan Constitution) governed the validity of the bonds.

Guided by the New York Court of Appeals decision, the Second Circuit has now unanimously ruled that the district court erred in applying New York law, vacating the ruling and remanding the case to the district court to determine the validity of bonds under the Venezuelan legal regime. The Second Circuit also reserved its opinion on other arguments presented by the Ad Hoc Board, including whether previous resolutions of the National Assembly disapproving the issuance of bonds constitute acts of State that independently invalidate the bonds.

As a result of the Second Circuit ruling, bondholders no longer have a ruling (which was stayed while the appeal was pending) on the validity of the 2020 bonds. 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. The Ad Hoc Board of PDVSA hopes to vindicate this important victory in future and concurrent judicial proceedings related to the ownership of its assets in the United States.

The Ad Hoc Board of PDVSA reiterates its commitment to the defense of PDVSA's assets, necessary for the restructuring of the Venezuelan oil industry, and advocates continuing to work on finding negotiation mechanisms that allow the claims of its creditors to be resolved.

This material is being distributed on behalf of the Ad Hoc Board of PDVSA. Additional information is available at the Department of Justice, Washington, DC."