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Arbitration Ruling Awards Reficar More Than \$1 Billion USD in Case Against CB&I

Posted On July 3, 2023 By : Juan Guevara

The [International Chamber of Commerce \(ICC\)](#) in New York last month issued an arbitration ruling in favor of [Refinería de Colombia S.A.S. \(Reficar\)](#), a subsidiary of [Ecopetrol \(BVC: ECOPETROL; NYSE: EC\)](#), against [Chicago Bridge & Iron Company N.V. \(CB&I\)](#), stating that CB&I violated its obligations under the engineering, procurement, and construction contract (EPC contract) signed for the expansion and modernization of the Cartagena Refinery.

As a result, the tribunal ordered CB&I to pay Reficar over \$1 billion USD, plus interest accrued since December 31, 2015.

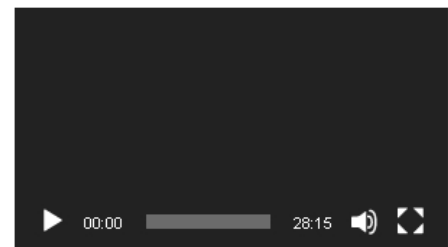
The Reficar scandal, which exploded in 2016, was related to the construction of the Cartagena Refinery in 2007, causing corruption losses of over \$8 billion USD, making it one of the worst cases of corruption in Colombian history. The equivalent financial loss amounted to some 5% of Colombia's national budget in 2016.

"The ruling is crucial because it acknowledges the violations in the planning and execution of the contracts by the mentioned firm," said Ricardo Roa, president of Ecopetrol, publicly at the [Andeg Foro](#).

He added that, once the full text is known, "a working group will be formed with the

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counterparty to establish a payment plan" and that "according to that plan, these are resources that belong to Reficar and will obviously be part of Ecopetrol Group's assets when consolidating Reficar's financial statements."

While many details remain, he further outlined the company's next expected plans.

"The timeline for payment will be one of the topics we will review once we study the content of the ruling in detail," said Roa. "It is still subject to a thorough review of the wording and numbers, with one important aspect being the interests, which will need further clarification. Once those details are available, we will enter into a negotiation, or rather, the definition of the payment plan that the counterparty is already obliged to honor."

Despite the arbitral ruling, Reficar's recovery of the \$1 billion USD is now in question due to CB&I's bankruptcy.

Primera Página's investigation revealed that CB&I, which no longer exists after merging with McDermott International, filed for bankruptcy and was accused of stock fraud by 30 investors.

Ongoing investigations conducted by the U.S. Securities and Exchange Commission (SEC) and a federal grand jury in the United States warn that McDermott and CB&I misrepresented the financial health of CB&I to investors to facilitate a risky merger that ended in bankruptcy.

In practical terms, this means that the money ordered to be paid to Reficar may not be recoverable.

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Juan Guevara is a chemical engineer with a passion for languages and technology, bringing a unique perspective to the global community through effective communication and collaboration with diverse teams.



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