



Fearing the Firm Won't Pay Its Debt, Reficar Asks a US Court to Freeze CB&I Assets

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Refinería de Colombia S.A.S. (Reficar), a refinery owned by Colombian state-controlled oil company [Ecopetrol](#), has asked a court to freeze the US assets of Chicago Bridge & Iron Company N.V. (CB&I) due to concerns that the firm will fail to honor a \$1.7 billion USD debt obligation as it undergoes financial restructuring.

As outlined in a [press release](#), Reficar revealed that it knew that in September 2023, McDermott International, the parent company of CB&I, announced the activation of liability restructuring processes before the courts of the United Kingdom and the Netherlands, with the purpose of eliminating the existing debt, which was awarded due to irregularities and cost overruns in the construction of a large facility in the north of the country [between 2007 and 2015](#).

Reficar asserted that the financial restructuring plans announced by McDermott constitute a manufactured maneuver designed to evade the binding ruling issued by the [International Chamber of Commerce \(ICC\)](#), the highest global court in matters of commercial arbitration. ICC is a large organization which serves nations worldwide to promote international trade and investment as means of achieving growth and prosperity.

Since Reficar is worried about the upcoming default in the payment of the debt, they asked the US Justice to take two actions in order to protect their rights.

First, it requested protective measures before a federal judge in New York, aimed at ordering the freezing of certain assets of CB&I, as well as the exhibition of documents that allow establishing the financial reality of CB&I.

Additionally, Reficar demanded that McDermott executives deliver their testimonies before a judge in Houston along with the necessary documents.

History of the Reficar and CB&I Legal Case

The Reficar scandal in Colombia came to light in 2016 regarding the Cartagena refinery construction that began in 2007. Government investigators found that it caused corruption losses of over \$8 billion USD, which became one of the worst cases of corruption in the history of this Andean country. Analysts estimated that the equivalent financial loss reached [almost 5% of Colombia's national budget](#) in 2016.

This situation prompted Reficar to [file a lawsuit in March 2016](#), before the Court of Arbitration of the ICC in New York, requesting a payment of \$2 billion USD from CB&I due to serious breaches found in the construction of a refinery in Cartagena, one of the largest cities on Colombia's Caribbean coast.

In June, the [ICC issued an arbitration ruling](#) in favor of Reficar against CB&I, stating that the company violated obligations under the engineering, procurement, and construction contract signed with the purpose of the expansion and modernization of the Cartagena refinery. As a consequence, the tribunal ordered CB&I to pay

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expansion and modernization of the Cartagena refinery. As a consequence, the tribunal ordered CB&I to pay Reficar more than \$1 billion USD — plus interest accrued since December 31, 2015.

In addition, [the court dismissed CB&I's claims](#) for nearly \$400 million USD and ordered the liquidation of the contract, as Reficar had been requesting since March 2016, when they filed the lawsuit.

Despite the arbitral ruling, Reficar's chances of getting the payout has come into question because CB&I, which has ceased to operate since being acquired by McDermott International in 2018, filed for bankruptcy and was accused of stock fraud by 30 investors.

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

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About the Author
Gustavo A. Mejía has 20+ years' experience in journalism as a teacher and as a newspaperman. He began his career covering economic news as a reporter for the Colombian newspaper El Tiempo. Among other positions he has held are editor-in-chief of a local television newscast and political and editorial writer for news websites.



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