



DEPARTMENT OF THE ATTORNEY GENERAL

News Release

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News Release No. 2002-60 November 25, 2002

STATE RETAINS SPECIAL DEPUTY TO PURSUE STATE'S CLAIMS AGAINST CHEVRON

Attorney General Earl Anzai announced today that the State has retained the law firm of Winston & Strawn to represent the State in connection with any claims it may have against Chevron Corporation and or Chevron/Texaco. Winston & Strawn will represent the State on a contingency basis. The firm will advance all costs and expenses of the representation or subsequent litigation, and recoup the expenses only from its contingency fee. Attorney General Anzai has described the fee agreement as a bargain for Hawaii's taxpayers in obtaining representation for the State in what Professors Wheeler and Gramlich have described in their reports to the media as a complex fraud case involving multi-national transactions and hundreds of millions of dollars.

The State's retainer of Winston & Strawn culminates a long process beginning with the Governor's September 27, 2002 directive that the Attorney General conduct a preliminary investigation of these claims. On October 13, 2002, the Department of the Attorney General issued an advertisement seeking qualified law firms to submit proposals to represent the State in any claims against Chevron/Texaco. Winston & Strawn was selected after reviewing the qualifications of 17 applicants as well as responses to subsequent inquiries regarding scope and nature of the State's claims and soliciting fee proposals.

The State's potential claims against Chevron/Texaco were publicly disclosed and described in the September 12, 2002, report by University of Hawaii Professor Jeffrey Gramlich and University of Michigan Professor Emeritus James E. Wheeler entitled, "How Chevron, Texaco, and the Government of Indonesia Structured Transactions and Agreements to Save Billions in U.S. Income

Taxes." According to a newspaper article, the professors claim that Chevron bilked Hawaii taxpayers of over \$563 million in Hawaii income taxes by engaging in a fraudulent scheme more fully described in their report.

Winston & Strawn have assisted a wide range of clients throughout the United States and abroad, including Fortune 500 companies, major commercial and financial institutions, and governmental entities. Winston & Strawn employs over 850 attorneys and has offices in New York, Chicago, Washington D.C., Los Angeles, Geneva, and Paris. The firm has a widely respected tax practice. Dan K. Webb, head of the firm's litigation department, will be one of the attorneys principally representing the State. Webb received international attention for his successful prosecution of retired Admiral John Poindexter in the Iran-Contra affair; and spearheaded the "Operation Greylord" investigations into judicial corruption in Cook County, Illinois, as the U.S. Attorney in Chicago. Webb has tried more than 100 jury cases.

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