

# JUDGE SAYS NEW YORK FAILED TO PROVE EXXONMOBIL MISLED INVESTORS

On December 10, 2019, a New York Supreme (trial level) Court judge dismissed the State of New York's case against ExxonMobil, ruling the State failed to prove ExxonMobil misled investors about the impact of climate change on its economic performance.

## **New York Alleged ExxonMobil Minimized the Business Impact of Climate Change**

New York sued ExxonMobil based on two New York statutes that allow the State to sue companies whose fraud harms investors. New York claimed ExxonMobil issued public statements minimizing the effect climate change would have on its business while using internal estimates of climate change showing a greater impact than what ExxonMobil's public statements indicated. According to the allegations, investors relied on and lost money due to the public statements minimizing the effect of climate change on ExxonMobil's business. New York sought to recover the losses suffered by these investors.

The judge's opinion specifically stated, "this is a securities fraud case, not a climate change case." The decision did not absolve ExxonMobil from responsibility for contributing to climate change. The opinion also said, "ExxonMobil does not dispute either that its operations produce greenhouse gases or that greenhouse gases contribute to climate change."

However, the judge ruled New York did not prove ExxonMobil made any material misstatements that significantly changed the nature of information available to investors.

## **No Investor Misled; No Effect on Stock Price**

After an extensive review of the evidence, the judge concluded New York failed to prove any investor was misled by ExxonMobil's climate change related statements. Also, none of the allegedly false statements appeared to have had any impact on ExxonMobil's stock price. As to one key ExxonMobil publication cited by the State, the judge determined it was "essentially ignored by the investment community."

The State may appeal the decision, and this is one of several cases making these allegations against ExxonMobil. This ruling is not binding on those other cases.