

Court Rejects Sanctions In Venezuelan Oil Defamation Case

By **Carolina Bolado**

Law360 (January 21, 2026, 9:19 PM EST) -- A Florida federal judge on Wednesday declined to sanction a director of a Venezuelan state-owned oil company, finding no conflict of interest by his attorneys at Diaz Reus LLP in a now-dismissed suit accusing the director and others of engaging in a campaign to smear Venezuelan civic leaders.

U.S. Magistrate Judge Marty Fulgueira Elfenbein denied a request by the plaintiffs — three Venezuelan dissidents in exile — to sanction and disqualify Diaz Reus over an alleged conflict of interest because of a meeting the firm had with one of the plaintiffs, Jorge Alejandro Rodriguez, over a separate lawsuit.

The judge concluded that the plaintiffs failed to establish that Rodriguez was ever a client of Diaz Reus, formerly Diaz Reus & Targ LLP. They had one video call in October 2023 and never spoke again, and Rodriguez never signed an engagement letter with Diaz Reus, according to the order.

The judge, who held an evidentiary hearing on the issue, found that the plaintiffs have failed to show that the law firm gleaned any information it could use against Rodriguez during the video meeting. The call was related to Venezuelan workers at the state-owned oil company, Petróleos de Venezuela SA, who were deprived of proper compensation, according to the order.

Judge Elfenbein denied each of the five sanctions motions filed by the plaintiffs and criticized their approach to the litigation, calling it "often formalistic to the point of nit-picking." She pointed to the fifth sanctions motion, which accused Diaz Reus attorney Marta Colomar of failing in her duty of candor to the court when she asserted that plaintiff Miguel Enrique Otero did not speak English, despite holding several degrees from Cambridge University.

The judge said Otero has not spoken in English in any of the court proceedings, so she did not fault Colomar for her assumption about his linguistic skills.

"While the court acknowledges that some of the lawyers' statements may in fact have been incomplete or even inaccurate, the fifth sanctions motion is a good example of why it has taken the court more than fifty pages to resolve only a handful of actual legal issues," the judge said. "That is its own version of wasting judicial resources, if not vexatious multiplication of the litigation."

Judge Elfenbein also denied Diaz Reus' request for sanctions in response to the fourth and fifth motions for sanctions but warned the plaintiffs that if they continue to file repeated motions that continue to be denied, "the court will give serious consideration to defendants' next request for a pre-filing injunction."

Ivan Freites, who lives in Miami, filed the lawsuit in January 2025, accusing Horacio Medina, who is the president of the ad hoc board of directors of PDVSA that controls the company's U.S. assets, and others, including a former Venezuelan ambassador, a professor and a film director, of orchestrating a campaign to defame them as a result of their lawsuit in Delaware alleging PDVSA workers were denied compensation.

Rodriguez and Otero, both of whom live in Switzerland, joined the lawsuit as plaintiffs two

months later.

They accused the defendants of orchestrating a "coordinated and malicious campaign [of] defamation, intimidation, obstruction of justice, witness tampering and racketeering" as a result of the plaintiffs' lawsuit against PDVSA and its U.S. subsidiary, Citgo, in Delaware claiming they were wrongfully terminated from their jobs at PDVSA in 2002 and 2003. Citgo's motion to dismiss that lawsuit is pending.

Specifically, the plaintiffs accuse the defendants of portraying them as "traitors, frauds, and corrupt opportunists" who, among other allegations, received illicit funds from former Venezuelan officials.

But in May, U.S. District Judge Beth Bloom **tossed the lawsuit** after finding that the complaint "constitutes a classic shotgun pleading." She also said the claims are prohibited by the single action rule, which precludes a plaintiff from asserting multiple causes of action when they arise from the same allegedly defamatory publication.

The judge said the plaintiffs failed to allege valid predicate acts required to establish racketeering activity and could not plead wire fraud based on a defamation scheme. Judge Bloom also said allegations that the defendants improperly disclosed some sealed materials in another suit filed by the plaintiffs in Delaware is not racketeering but bad faith litigation tactics that should be handled by the judge in Delaware.

The appeal of Judge Bloom's order is pending in the Eleventh Circuit.

Javier Coronado of Diaz Reus praised Judge Elfenbein's decision Wednesday.

"We stand by the court's well-reasoned order, which recognized that the accusations at issue were unsupported and that the plaintiff making them is 'an unreliable historian with an imprecise memory,'" Coronado said. "We also hope plaintiffs follow the court's final warning and refrain from filing further improper motions."

The plaintiffs did not respond to a request for comment.

The plaintiffs are representing themselves.

Horacio Medina is represented by Gabor Gazso von Klingspor, Javier Coronado Diaz, Marta Colomar Garcia and Michael Diaz Jr. of Diaz Reus & Targ LLP.

The other defendants are represented by Carlos E. Sardi of Sardi Law PLLC.

The case is Freites C. et al. v. Medina et al., case number 1:25-cv-20465, in the U.S. District Court for the Southern District of Florida.

--Editing by Nick Petruncio.