

JUSTICE NEWS

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Petróleo Brasileiro S.A. – Petrobras Agrees to Pay More Than \$850 Million for FCPA Violations

Reaches Agreement with Brazilian Authorities in Related Investigation

Petróleo Brasileiro S.A. – Petrobras (Petrobras), a Brazilian state-owned and state-controlled energy company, entered into agreements with U.S. and Brazilian authorities and agreed to pay a combined total of \$853.2 million in penalties to resolve the U.S. government’s investigation into violations of the Foreign Corrupt Practices Act (FCPA) in connection with Petrobras’s role in facilitating payments to politicians and political parties in Brazil, as well as a related Brazilian investigation.

Assistant Attorney General Brian A. Benczkowski of the Justice Department’s Criminal Division, U.S. Attorney G. Zachary Terwilliger of the Eastern District of Virginia and Assistant Director Robert Johnson of the FBI’s Criminal Investigative Division made the announcement.

“Executives at the highest levels of Petrobras—including members of its Executive Board and Board of Directors—facilitated the payment of hundreds of millions of dollars in bribes to Brazilian politicians and political parties and then cooked the books to conceal the bribe payments from investors and regulators,” said Assistant Attorney General Benczkowski. “The Criminal Division’s Fraud Section—together with our partners in the Eastern District of Virginia, the SEC, and the FBI—are grateful for the assistance provided by our Brazilian law enforcement counterparts. This case is just the most recent example of our ability to work with our foreign counterparts to investigate companies and other criminal actors whose conduct spans multiple international jurisdictions.”

“Protecting the integrity of U.S. financial markets is one of the highest priorities of this Administration,” said U.S. Attorney Terwilliger. “Those who choose to access our capital markets while failing to disclose the corrupt activities of company executives will be held accountable. I want to thank our law enforcement partners for their diligence and dedication in pursuing this important case.”

“Today’s global resolution demonstrates the FBI’s commitment to thoroughly investigating and holding accountable those international companies who seek to take advantage of our financial system while also facilitating bribes and fraud in other countries,” said FBI Assistant Director Johnson. “The hefty \$853.2 million criminal penalty should act as a deterrent to anyone seeking to perpetrate this kind of fraud in the future. This case proves that no company is above the law and that corruption that spans borders will not be tolerated by the United States. I want to thank the agents, analysts, and prosecutors who investigated this case in parallel with Brazilian authorities. We will continue to pursue any and all companies and individuals throughout the world who disregard the rule of law and threaten our fair and competitive marketplace for their personal gain.”

“Today’s substantial resolution demonstrates the FBI’s continued commitment to working with U.S. and international partners to investigate corruption no matter where it occurs,” said Special Agent in Charge Matthew J. DeSarno of the FBI Washington Field Office’s Criminal Division. “We remain committed to holding companies and executives who violate the Foreign Corrupt Practices Act accountable for their activity, and we will continue to work diligently to uphold the integrity of an increasingly global marketplace.”

According to Petrobras’s admissions, while the company’s American Depository Shares traded on the New York Stock Exchange, members of the Petrobras Executive Board were involved in facilitating and directing millions of dollars in corrupt payments to politicians and political parties in Brazil, and members of Petrobras’s Board of Directors were also involved in facilitating bribes that a major Petrobras contractor was paying to Brazilian politicians. During this period, for example, a Petrobras executive directed the payment of illicit funds to stop a parliamentary inquiry into Petrobras contracts, and the executive also directed payments received from Petrobras contractors to be corruptly used to pay millions of dollars to the campaign of a Brazilian politician who had oversight over the location where one of Petrobras’s refineries was being built.

Petrobras admitted that it failed to make and keep books, records and accounts that accurately and fairly reflected the company’s capitalization of property, plant and equipment as a result of the bribes being generated by the company’s contractors with the cooperation of certain Petrobras executives, and that certain Petrobras executives signed false Sarbanes-Oxley (SOX) 302 sub-certifications while they were involved in, and were aware that other executives at Petrobras were involved in, obtaining and facilitating the payment of millions of dollars in bribes to Brazilian politicians, to Brazilian political parties and to themselves. Petrobras also admitted that certain executives failed to implement internal financial and accounting controls in order to continue to facilitate bribe payments to Brazilian politicians and Brazilian political parties.

Petrobras entered into a non-prosecution agreement and agreed to pay a criminal penalty of \$853.2 million to resolve the matter. This reflects a 25 percent discount off the low end of the applicable U.S. Sentencing Guidelines fine range for the company’s full cooperation and remediation. In related proceedings, Petrobras reached a settlement with the U.S. Securities and Exchange Commission (SEC) and Petrobras entered into an agreement to reach a settlement with the Ministerio Publico Federal in Brazil. Under the non-prosecution agreement, the United States will credit the amount that Petrobras pays to the SEC and Brazil under their respective agreements, with the Department of Justice and the SEC receiving 10 percent (\$85,320,000) each and Brazil receiving the remaining 80 percent (\$682,560,000). As part of the agreement, Petrobras has agreed to continue to cooperate with the Department in any ongoing investigations and prosecutions relating to the conduct, including of individuals, to enhance its compliance program and to report to the Department on the implementation of its enhanced compliance program.

The Department reached this resolution based on a number of unique factors presented by this case, including that Petrobras is a Brazilian-owned company that entered into a resolution with Brazilian authorities and is subject to oversight by Brazilian authorities, and that, in addition to the significant misconduct engaged in by Petrobras, a number of executives of the company engaged in an embezzlement scheme that victimized the company and its shareholders. In addition, the company did not voluntarily disclose the conduct, but did notify the government of its intent to fully cooperate after learning of the allegations of misconduct; Petrobras fully cooperated in the investigation and fully remediated. Petrobras’s cooperation included conducting a thorough internal investigation, proactively sharing in real time facts discovered during the internal investigation and sharing information that would not have been otherwise available to the Department, making regular factual presentations to the Department, facilitating interviews of and information from foreign witnesses, and voluntarily collecting, analyzing and organizing voluminous evidence and information for the Department in response to requests, including translating key documents. Petrobras also took extensive remedial measures, including replacing the Board of Directors and the

Executive Board (the company's high-level managers) and implementing governance reforms, as well as disciplining employees and ensuring that the company no longer employs or is affiliated with any of the individuals known to the company to be implicated in the conduct at issue in the case.

In the related SEC matter, Petrobras also agreed to pay to the SEC disgorgement and prejudgment interest totaling \$933,473,797, which shall be reduced by the amount of any payment Petrobras makes to the class action Settlement Fund in the matter of *In re Petrobras Securities Litigation*, No. 14-cv-9662 (S.D.N.Y.).

The FBI's International Corruption Squad in Washington, D.C. investigated the case. Assistant Chiefs Christopher Cestaro and Lorinda Laryea and Trial Attorney Derek Ettinger of the Criminal Division's Fraud Section and Assistant U.S. Attorney Grace Hill of the Eastern District of Virginia prosecuted the case.

The Department appreciates the significant cooperation provided by the SEC and the Criminal Division's Office of International Affairs in this case.

The Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

Attachment(s):

[Download Non-Prosecution Agreement and Statement of Facts](#)

Topic(s):

Foreign Corruption

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

[Federal Bureau of Investigation \(FBI\)](#)

[USAO - Virginia, Eastern](#)

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