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# *Brazilian corruption scandal*

*- current status and consequences*

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**Bergen, 24 May 2016**  
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# Topics and introduction

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1. *Operação Lava Jato*
2. *Who is involved?*
3. *Consequences for Petrobras*
4. *Consequences for other involved parties*
5. *Where will it end?*

# Operação Lava Jato / Operation Car Wash

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- Originally an operation targeting money laundering through car wash stations
- Investigation discovered corruption with links to top Petrobras management and deep into the political elite
  - *"If I speak the republic is going to fall." – Alberto Youssef*
- On-going since March 2014; Petrobras now the centre of the investigation
- Modus operandi:
  - *Typical use of agents/intermediaries for securing contracts – Unusually high commission*
  - *Agents paid through offshore accounts*
  - *Little accountability for the services actually provided by agents*

## Operação Lava Jato / Operation Car Wash (cont.)

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- Almost 500 individuals and more than 230 companies under investigation
- More than 100 people arrested, including former president Lula who was brought in for questioning in March 2016
- More than 50 high ranked politicians under investigation.
- Estimated USD 3 billion paid in bribes since 2004

# Who is involved?

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- Judge Sérgio Moro
- Team of 9 prosecutors led by 35 year old Deltan Dallagnol
- Petrobras and former Petrobras management
- Political elite
- Several Brazilian and international contractors

# Consequences for Petrobras

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- Estimated USD 17 billion losses for Petrobras
- New top management
- New compliance regime
- Less expensive contracts?
- Termination or renegotiation of existing contracts?

# Consequences for other involved parties

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- Blacklisting; currently more than 20 companies blacklisted with Petrobras
- Termination of contracts
  - *Schahin Engenharia*
  - *Vantage Drilling*
- Potentially huge fines
- Potentially banned from future public and private tenders
- Costly internal investigations

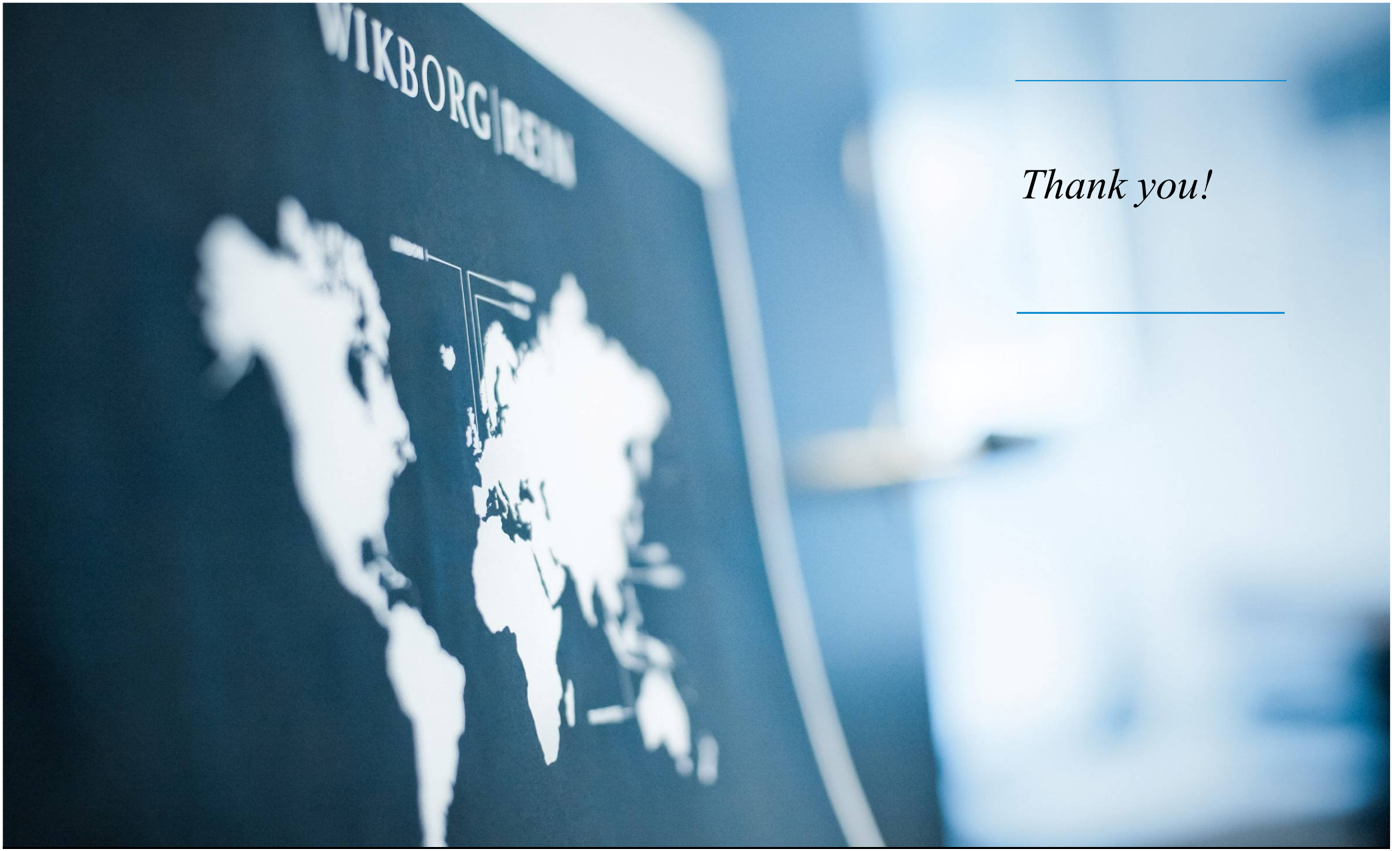
# Where will it end?

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- Plea bargains and convictions
- Less corruption in Brazil and Petrobras?
- Increased need for proper due diligence and compliance checks
  - *M&A*
  - *Joint ventures or partnerships*
- Opportunity for Norwegian contractors?
  - *Norway perceived to have a cleaner business environment and fairer competition*
  - *Compliance and ethics as a new market advantage*





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*Thank you!*

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