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Brazil's Articles of Impeachment

Implications to Operation Car Wash and the Economy

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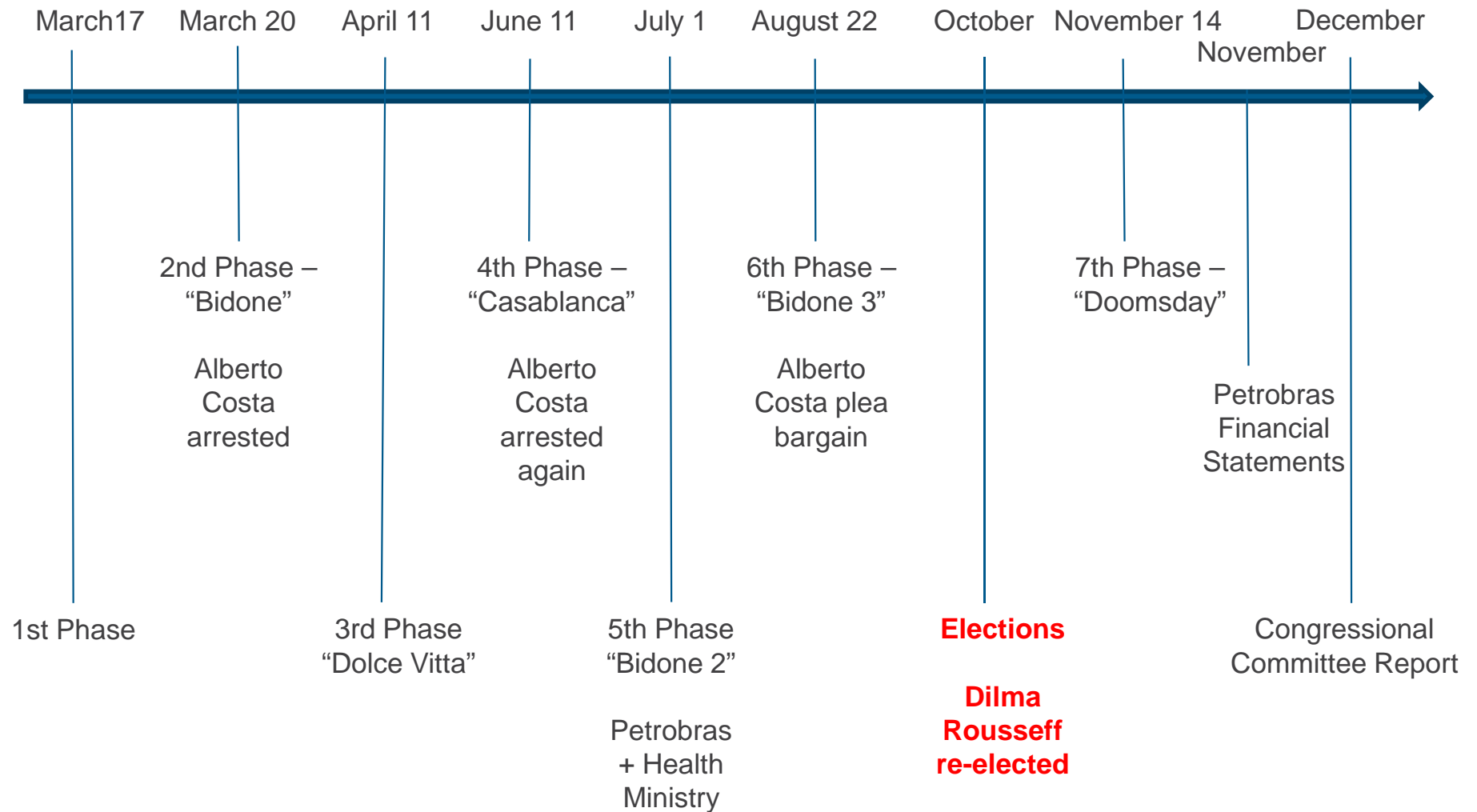


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Operation Car Wash - 2014



2014 Elections Winning Ticket

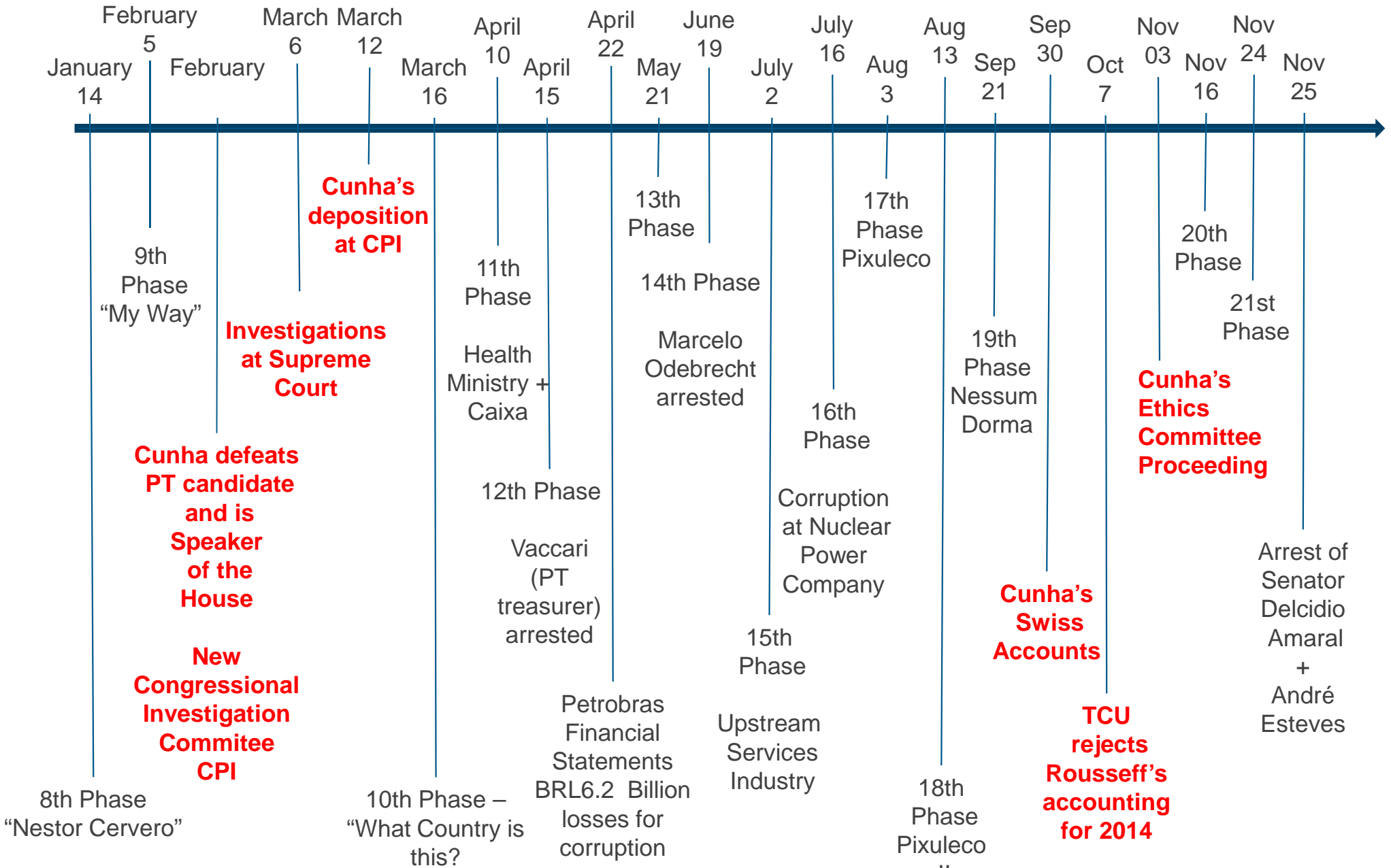


President Rousseff
PT



Vice-President Temer
PMDB

Operation Car Wash - 2015

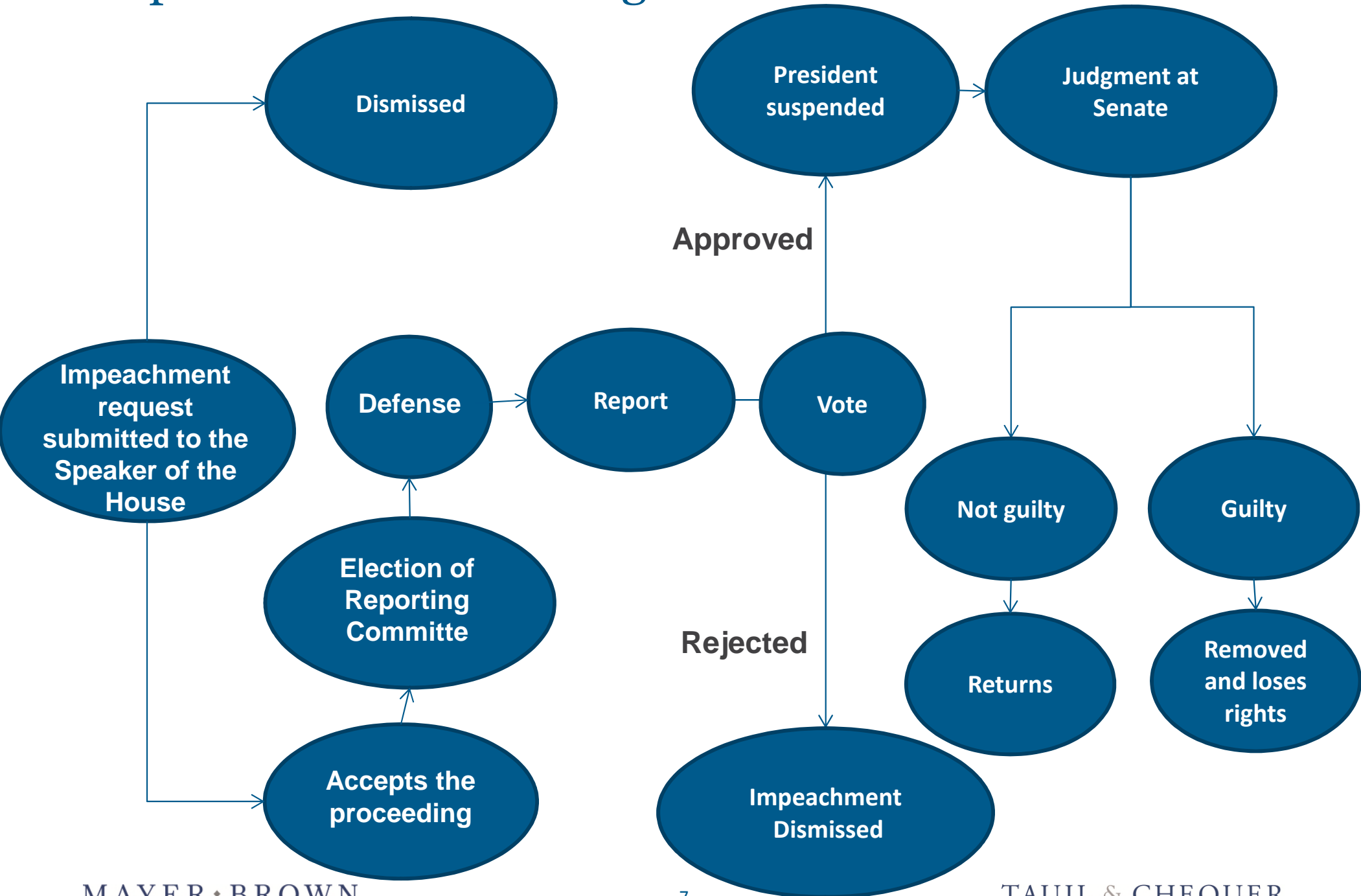


Speaker of the House



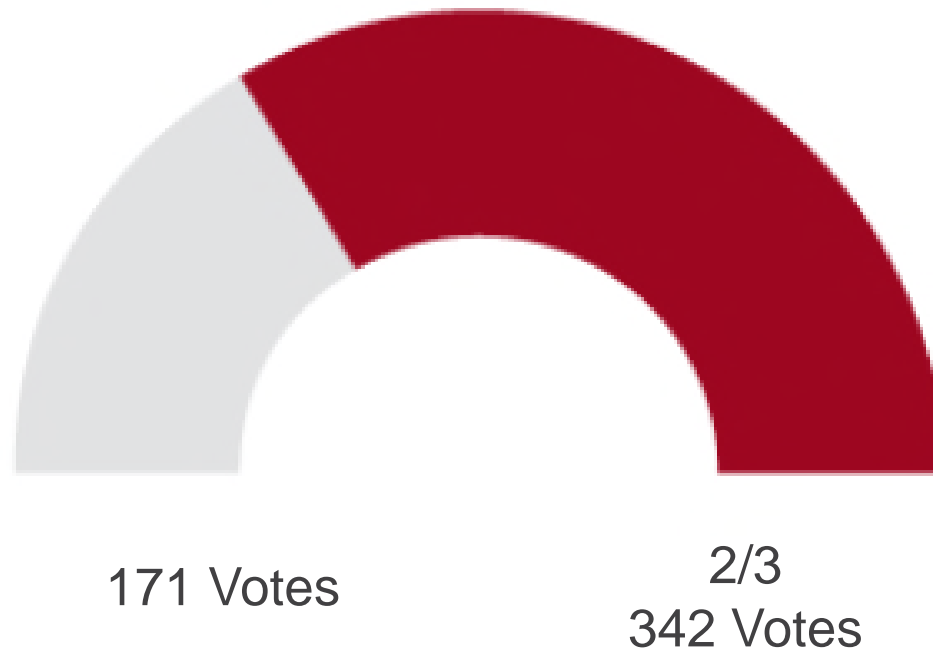
Eduardo Cunha
PMDB

Impeachment Proceeding

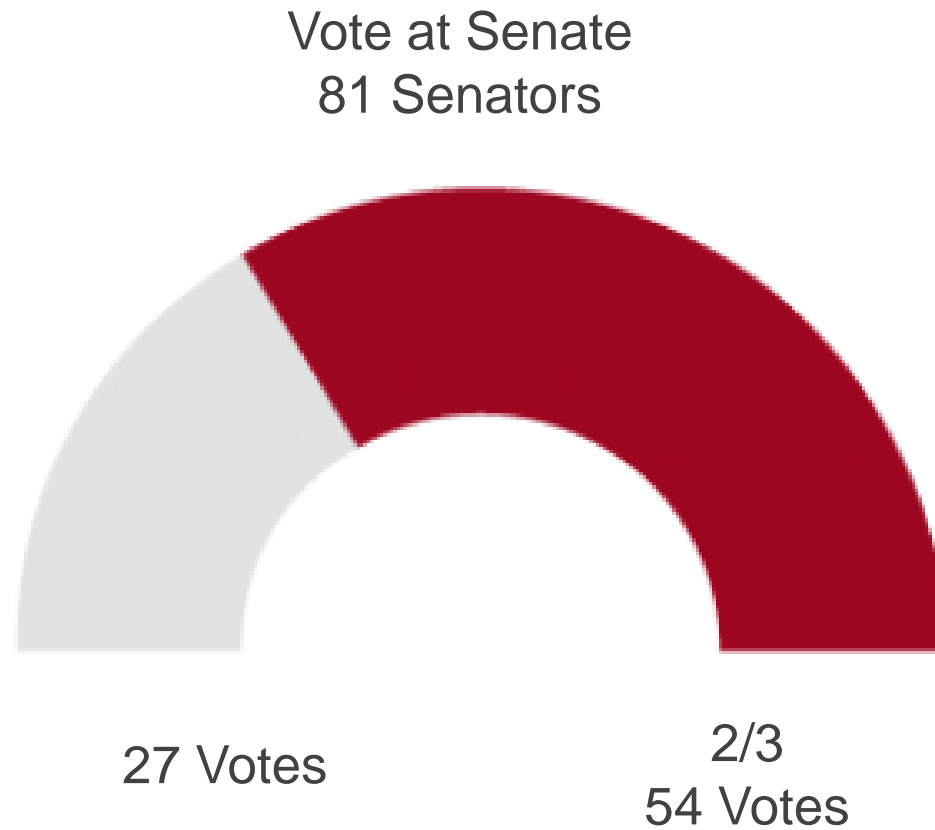


Impeachment Proceeding

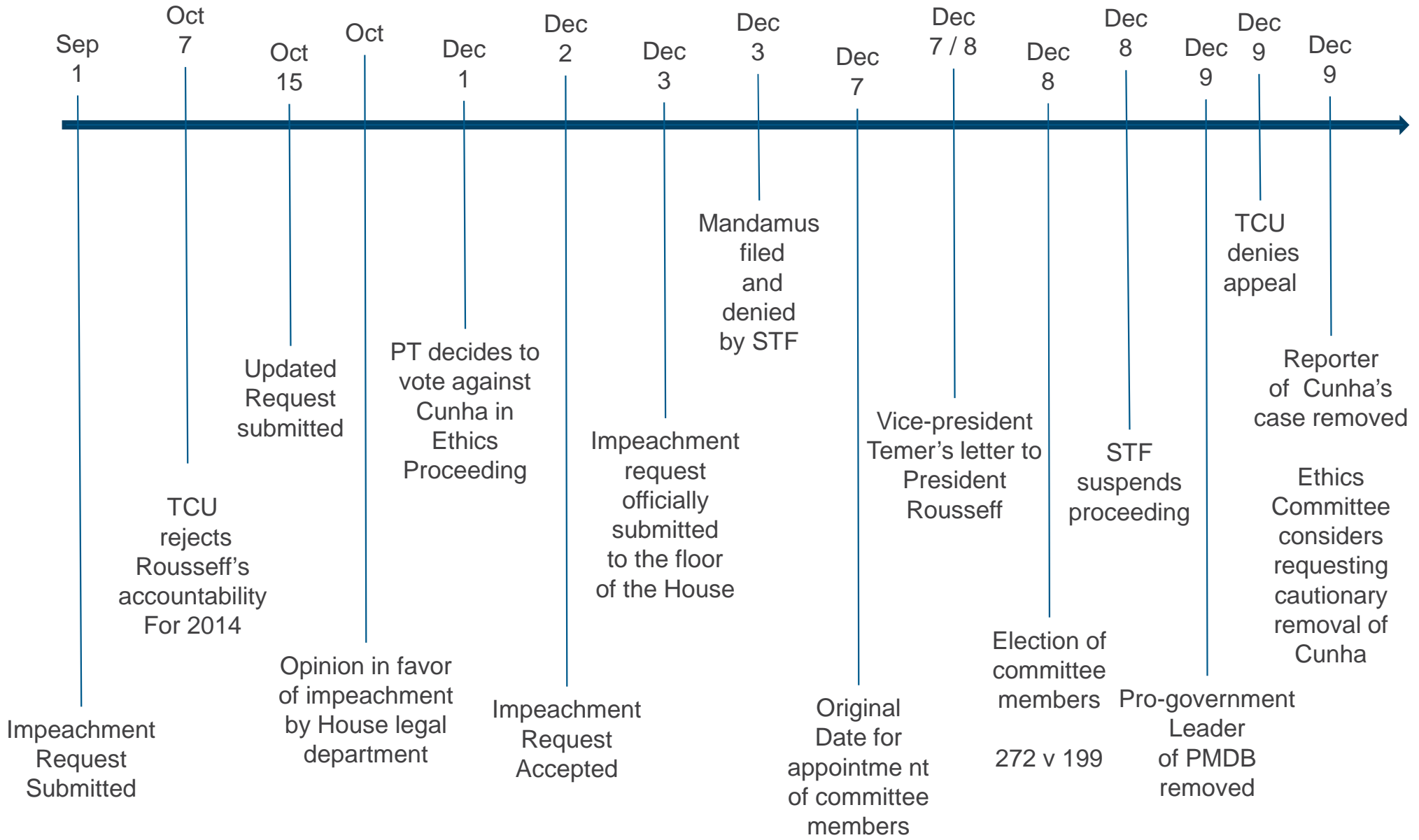
Vote at the House of Representatives
512 representatives



Impeachment Proceeding



Impeachment Proceeding



Supreme Court Decisions

- Appropriate procedures for entire impeachment process
 - Appointment of Committee Members
 - Can the votes be secret?
- Currently, proceeding is suspended until a decision by STF
 - Decision scheduled for December 16
- Decisions on status of Eduardo Cunha

Has Operation Car Wash Lost Relevance?

- No. It still attracts attention and enforcement authorities have been acting in the past few months in stealth
- A number of companies have been negotiating leniency agreements
- While CPI-Petro is finished, a number of authorities are still in the case, including against some of the main actors of the Impeachment proceeding

Operation Car Wash - Current Status in Brazil

- Investigations and criminal proceedings being conducted at the Supreme Federal Court against sitting members of Congress and Ministers of State
- Investigations and criminal proceedings being conducted at the Federal Court in Curitiba against other individuals
- Proceedings against companies for cartel violations at CADE – Brazilian Antitrust Authority
- Proceedings against companies for corruption before the CGU – 29 proceedings
- Improbity lawsuits against individuals and companies
- Congressional Investigations Committee – CPI Petro

Operation Car Wash - Current Status in the US

- US Department of Justice and Securities and Exchange Commission
 - Petrobras has publicly disclosed that it is under investigation by the DOJ and the SEC, as have a variety of companies that did business with Petrobras
 - The DOJ is also providing formal and informal assistance to Brazil
 - Patrick Stokes, the Chief of the DOJ's FCPA Unit, reportedly personally visited Brazil to meet with prosecutors
 - DOJ is also assisting Brazil in tracing the proceeds of bribery
- US Private Securities Claims
 - Petrobras and Braskem have both been sued in class actions and opt-outs for securities fraud
 - Judge Rakoff has set the claims against Petrobras for trial in September 2016

Operation Car Wash – Status Globally

- Global operation
 - Reportedly, around \$30 million has been frozen in accounts held by Petrobras executives and Petrobras' counterparties' executives
- Netherlands:
 - Reached \$240 million settlement with SBM Offshore
- Switzerland:
 - Swiss authorities are cooperating with Brazil and the US to trace money across the international banking system
 - Swiss authorities reportedly are providing Brazil with evidence of clandestine bank accounts, including accounts held by Congressman Eduardo Cunha

Operation Car Wash – Implications for Enforcement

- Multi-polar enforcement is the new reality
 - Companies caught up in the Petrobras investigation face scrutiny in multiple countries (Brazil, Netherlands, Switzerland, US)
- “Home” jurisdictions increasingly focused on foreign bribery
 - US: Continued enforcement of FCPA
 - Netherlands: \$240 million settlement with SBM Offshore
 - Brazil: CGU recently announced initiative to monitor Brazilian firms’ conduct outside of Brazil
 - UK: Successfully enforced UK Bribery Act

Impacts to the Economy

- Operation Car Wash and Political Crisis have dominated the agenda in 2015
- Impeachment has shifted the focus from fiscal adjustments (approval of taxes and reduction of budget)
- Markets reacted favorably the day after impeachment
 - Moody's indicated possible downgrade

Thank You

For questions, please reach out to any of us:

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