



## **Federal Public Ministry**

**Public Attorney's Office of the Federative Republic  
of Brazil in Parana**

**Government of the Federative Republic of Brazil**

### **Summary Report of Evaluation and Results**

### **Car Wash Operation Task Force**

**November, 2018**

## Note to Explain this Evaluation Report

The Lava Jato Operation resulted in the largest digitized criminal database ever produced in Latin American history with the objective of enhancing the effectiveness, transparency and accountability of oversight public institutions, including all instances of the Judiciary power in Brazil, with the objective of fighting corruption and protecting the rights of taxpayers in Brazil. This database contains more than 30 million records representing hundreds of thousands of pages of Court proceedings, criminal evidence and other recorded documents that would be impractical to reproduce here. This evaluation summary was therefore prepared not only to express the impact of the Car Wash Operation through concrete objective indicators, but also to explain the inner workings of the largest corruption scheme ever investigated in Brazil and Latin America. It required innovative and unprecedented approaches to handle the strategic sequencing of investigations and judicial procedures, while counting on the engagement and strong support from government and civil society.

In line with the recent Brazilian Access to Information Law, the detailed contents of the Lava Jato Operation database have been shared with the media to gather public support. Such details are only kept confidential when further investigations are in progress.

## Understanding the Operation

The Lava Jato (Car Wash) operation is the largest anti-corruption and money laundering initiative in Brazilian history. It started operationally in 2014 (initial preliminary investigations began in 2008) in Curitiba, State of Parana, with a more systemic investigation into four criminal organizations led by “doleiros” (money changers). The Lava Jato Operation has uncovered highly irregular collusion and corruption in Petrobras, the state's largest company, which exceeded billions of dollars. Today, the operation has gone well beyond Petrobras, with developments in Rio de Janeiro (RJ), in São Paulo (SP) in the Federal District covering the entire country, as well as criminal investigations engaging the Federal Supreme Court, where facts attributed to persons with prerogative of function (high level politicians with immunity) are ascertained.

At first, the investigation developed from March 2014 targeted four criminal organizations led by operators of the US dollar parallel exchange market (money changers). They were investigated and prosecuted due mostly to money laundering activities. Based on the activities of these organizations, the Federal Public Prosecutor's Office in Paraná (MPF / PR) gathered evidence of an immense criminal scheme involving corruption involving Petrobras, Brazilian oil company, the largest public company in Brazil.

In this scheme, which lasted at least ten years, large contractors organized into cartels paid bribes to senior state executives and other public agents. The amount of the bribe varied from 1% to 5% of the total amount of overpriced billion dollar contracts. This bribe was distributed by financial operators, including those investigated in the first stage of the Car Wash Operation.

**The contractors** - In a normal scenario, contractors would compete with each other when bidding for Petrobras contracts. The State oil company would then hire contractors who would agree to do the work for the lowest price. In this case, the contractors have organized themselves into a cartel "club" to replace real competition with apparent and fake competition. The prices offered to Petrobras were calculated and adjusted in secret meetings that defined who would win the contract and what would be the price, inflated to benefit private interests, to the detriment of the State's coffers and the Brazilian taxpayers. The cartel even had a regulation, which simulated rules of a football league, to define how the contracts would be distributed. To disguise the crime, the written records of the "distribution" of contracts was sometimes made to look as if it were the distribution of prizes of a bingo.

**Petrobras employees** - To implement the criminal scheme, contractor companies (the largest ones in Brazil) needed to ensure that only cartel members were invited to bid. Therefore, it was convenient to co-opt public agents. High-ranking officials within Petrobras who participated in the corruption scheme pretended not to know about the cartel, but actually favored it, restricting certain companies from bidding while including the "winner" among the participating companies in a game of marked cards. According to Petrobras' surveys, unjustified direct negotiations were carried out, excessive and unnecessary rules were constructed, hiring was hastened with the suppression of relevant steps and information was leaked, among other irregularities.

**Financial operators** - Financial operators were responsible not only for mediating the payment of the bribes, but especially for handing over the bribes disguised as clean money to the (corrupt) beneficiaries. At first, the money went from the contractors to the financial operator. This was done in cash, by moving funds abroad and by means of simulated contracts with fake front companies. In a second moment, the money went from the financial operator to the beneficiaries also in cash, through transfers to secret off-shore accounts abroad or through the payment of goods.

**Political agents** - Another line of investigation - corresponding to its verticalization - began in March 2015, when the Attorney General of the Federative Republic of Brazil presented to the Federal Supreme Court 28 petitions for the opening of criminal investigations to ascertain facts attributed to 55 people, of which 49 were incumbents of very senior political positions enjoying immunity by virtue of privilege, which is called "privileged forum" in Brazil. Thus the need to engage the Supreme Court. Those were politicians affiliated with political parties responsible for the political appointments of the Directors of Petrobras. They were prosecuted through an innovative system of award-

winning collaborations to reduce their sentences, combined with whistle blower protection at the Federal Court in the State of Paraná, which is the first judicial instance according the Brazilian Law.

## **Pillars**

The Lava Jato operation is the result of an innovative research model unprecedented in Brazil, based on four pillars:

- the sub-division and sequencing of criminal investigation research in strategic phases (the operation is already in the 56th phase);
- collaborative agreements engaging those who were investigated and the defendants (those who committed crimes could reduce prison terms by informing and producing evidence to the Federal Police and Courts concerning details of their illegal actions to facilitate criminal investigations);
- cooperation with national bodies (such as the Federal Revenue and Financial Activities Control Council - COAF), governments and institutions in other countries (please see list below) and
- informing the media and gathering strong public engagement and support, who provided transparency and disseminated the work of the Lava Jato Task Force.

## **Structure**

With an initial duration of five months, the Lava Jato Task Force was established in March 2014 by the then Attorney General Rodrigo Janot and has had six prosecutors. Due to the progress of the investigations and the results obtained, the Task Force has been renewed and today involves about fifty people in the Federal Public Ministry of Paraná, including twelve prosecutors.

Sergio Moro, future Minister of Justice of Brazil as of 1<sup>st</sup> January 2019, has already stated that he intends to replicate the model of the Lava Jato Task Force adopted by the Federal Public Ministry for investigations into corruption and also organized crime throughout Brazil. Moro was the first instance judge responsible for the trial of all the criminal proceedings of the Lava Jato operation in Paraná since its inception; he asked to be exonerated when he accepted the recent invitation by the President elect of Brazil to join the next federal government as Minister of Justice.

## **Official Internal Evaluation and Summary of Results of the Car Wash Operation as of November 2018, as prepared by the Federal Public Ministry**

### **Reimbursements already made to public institutions:**

total US\$ 667.3 million

(BRL \$ 2,568,994,258.47)

- Petrobras: US\$ 651.9 millions (BRL \$ 2,509,993,677.52)
- Valec: US\$ 15.3 millions (BRL \$ 59,000,580.95)

### **Phases:** 56 (2 phases held abroad in Portugal)

- 1,140 search and seizure orders
- 227 enforcement orders
- 128 arrest warrants
- 152 temporary arrest warrants
- 6 arrests when crime was in progress

### **Charges:**

A total of 82 types of charges, involving 347 defendants due to:

- corruption
- crimes against the international financial system
- transnational drug trafficking
- formation of a criminal organization
- money laundering,
- among others.

**Convictions:** 217 (including defendants who have been convicted more than once);  
Prison terms totaling 2,045 years, 2 months and 20 days for all convicted criminals

### **Actions of administrative improbity:** 9

- 52 individuals
- 16 companies
- 1 political party (proven, while others are under investigation)
- politicians from 26 different political parties have been arrested

**Active International cooperation** (requests made by the Lava Jato Task Force)

Andorra, Angola, Antigua and Barbuda, Austria, Bahamas, Belgium, Canada, China, Denmark, El Salvador, Spain, United States, France, Gibraltar, Greece, Guatemala, Netherlands, Hong Kong, Jersey, Isle of Man, Cayman Islands, Guernsey Islands, British Virgin Islands, Ireland, Israel, Italy, Liechtenstein, Luxembourg, Macau, Monaco, Norway, New Zealand, Panama, Peru, Portugal, Spain United Kingdom, Dominican Republic, Russia, Senegal, Singapore, Sweden, Switzerland, Uruguay, Venezuela (45 countries)

**Passive international cooperation** (when requests were made from these countries to the Lava Jato Task Force)

Andorra, Antigua and Barbuda, Argentina, Austria, Bahamas, Chile, Colombia, Costa Rica, Denmark, El Salvador, Ecuador, Spain, United States, France, Greece, Guatemala, Netherlands, Honduras, Israel, Italy, Liechtenstein, Mexico, Mozambique, Norway, Panama, Peru, Portugal, Puerto Rico, United Kingdom, Dominican Republic, Singapore, Sweden, Switzerland, Ukraine, Uruguay, Venezuela (36 countries)

**Collaboration agreements** (with individuals): 176

**Leniency agreements** (with legal entities): 11