

ORIGINAL

WMP/DK:AES/JN
F. #2016R00709

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

- against -

BRASKEM S.A.,

Defendant.

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INFORMATION

Cr. No. 16-644 (RJD)
(T. 18, U.S.C., §§ 371 and 3551 et seq.)

THE UNITED STATES CHARGES:

At all times relevant to this Information, unless otherwise stated:

I. The Foreign Corrupt Practices Act

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1, et seq. ("FCPA"), was enacted by Congress for the purpose of, among other things, making it unlawful to act corruptly in furtherance of an offer, promise, authorization, or payment of money or anything of value, directly or indirectly, to a foreign official for the purpose of obtaining or retaining business for, or directing business to, any person.

II. Relevant Entities and Individuals

2. The defendant Braskem, S.A. ("BRASKEM") was a *sociedade anônima* (corporation) organized under the laws of Brazil, and was the largest petrochemical company in the Americas, producing a portfolio of petrochemical and thermoplastic products. BRASKEM had its headquarters in São Paulo, Brazil. American depository shares of BRASKEM traded on

the New York Stock Exchange, and BRASKEM was required to file annual reports with the United States Securities and Exchange Commission (“SEC”) under Section 15(d) of the Exchange Act, Title 15, United States Code, Section 78o(d). BRASKEM was an “issuer” as that term is used in the FCPA, Title 15, United States Code, Sections 78dd-1(a) and 78m(b).

3. Odebrecht, S.A. (“Odebrecht”) was a Brazilian holding company that, through various operating entities, conducted business in multiple industries, including engineering, construction, infrastructure, energy, chemicals, utilities and real estate. Odebrecht had its headquarters in Salvador, state of Bahia, Brazil, and operated in 27 other countries, including the United States.

4. Odebrecht indirectly owned 38.1% of the total shares of BRASKEM, and controlled BRASKEM through its ownership of 50.11% of the voting shares. Petróleo Brasileiro S.A. - Petrobras (“Petrobras”), Brazil's state-controlled oil company, owned 36.1% of the shares of BRASKEM.

5. Braskem Incorporated Limited (“Braskem Incorporated”) was a wholly-owned subsidiary of BRASKEM. It was incorporated with limited liability under the laws of the Cayman Islands and headquartered in Grand Cayman. Braskem Incorporated was an “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

6. “Braskem Employee 1,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was a director of BRASKEM and an officer and senior executive of Odebrecht. Braskem Employee 1 was a “director” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

7. “Braskem Employee 2,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was a director of BRASKEM and an executive of Odebrecht. Braskem Employee 2 was a “director” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

8. “Braskem Employee 3,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was an executive of BRASKEM and an executive of Odebrecht. Braskem Employee 3 was an “employee” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

9. “Braskem Employee 4,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was an executive of BRASKEM. Braskem Employee 4 was an “employee” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

10. “Braskem Employee 5,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was an executive of BRASKEM. Braskem Employee 5 was an “employee” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

11. “Braskem Employee 6,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was an executive of BRASKEM and Braskem America, Inc., a wholly-owned U.S. subsidiary of BRASKEM. Braskem Employee 6 was an “employee” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

12. “Braskem Employee 7,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was an executive of BRASKEM. Braskem Employee 7 was an “employee” and “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

13. “Braskem Agent 1,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was an executive of Odebrecht and an alternate director at BRASKEM. “Braskem Agent 1” was an “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

14. “Braskem Agent 2,” a Brazilian citizen whose identity is known to the United States and BRASKEM, was a senior executive in Odebrecht’s Division of Structured Operations (described in more detail below), in or about and between 2006 and 2015, and reported directly to Braskem Employee 1. Braskem Agent 2 operated the Division of Structured Operations to account for and disburse payments that were not included in the publicly-declared financials of Odebrecht and its subsidiaries and affiliated companies, including corrupt payments made to, or for the benefit of, foreign officials and foreign political parties in order to obtain and retain business for Odebrecht and several of its subsidiaries, including BRASKEM. In this role, Braskem Agent 2 was responsible for executing requests from BRASKEM officers, employees and/or agents whereby Braskem Agent 2 made corrupt payments to foreign officials for the benefit of BRASKEM. As such, Braskem Agent 2 was an “agent” of an issuer, BRASKEM, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

15. Petrobras was a Brazilian state-controlled oil company, and a minority shareholder in BRASKEM. Petrobras was headquartered in Rio de Janeiro, Brazil, and operated to refine, produce and distribute oil, oil products, gas, biofuels and energy. The Brazilian government directly owned approximately 50.3% of Petrobras's common shares with voting rights, while an additional 10% of the corporation's shares were controlled by the Brazilian Development Bank and Brazil's Sovereign Wealth Fund. Petrobras was an "agency" and "instrumentality" of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

16. "Brazilian Official 1," an individual whose identity is known to the United States and BRASKEM, was a high-level official in the executive branch of government in Brazil. Brazilian Official 1 was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

17. "Brazilian Official 2," an individual whose identity is known to the United States and BRASKEM, was a high-level official in the executive branch of government in Brazil. Brazilian Official 2 was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

18. "Brazilian Official 3," an individual whose identity is known to the United States and BRASKEM, served as a minister in the Brazilian government and an advisor to a high-level official in the executive branch of the government in Brazil, as well as an elected official in the legislative branch of government in Brazil. In these capacities, Brazilian Official 3 was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

19. “Brazilian Official 4,” an individual whose identity is known to the United States and BRASKEM, served as a minister in the Brazilian government. Brazilian Official 4 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

20. “Brazilian Official 5,” an individual whose identity is known to the United States and BRASKEM, was an executive of Petrobras. Brazilian Official 5 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

21. “Brazilian Official 6,” an individual whose identity is known to the United States and BRASKEM, was a high-level official in the legislative branch of government in Brazil. Brazilian Official 6 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

22. “Brazilian Official 7,” an individual whose identity is known to the United States and BRASKEM, was a high-level official in the legislative branch of government in Brazil. Brazilian Official 7 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

23. “Brazilian Official 8,” an individual whose identity is known to the United States and BRASKEM, was a high-level official in the legislative branch of government in Brazil. Brazilian Official 8 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

24. “Brazilian Official 9,” an individual whose identity is known to the United States and BRASKEM, was a high-level state official. Brazilian Official 9 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

III. Overview of the Bribery Scheme

25. In or about and between 2002 and 2014, BRASKEM knowingly and willfully conspired and agreed with others to corruptly provide millions of dollars in payments to, and for the benefit of, foreign officials, foreign political parties, foreign political party officials and foreign political candidates to secure an improper advantage and to influence those foreign officials, foreign political parties, foreign political party officials and foreign political candidates in order to obtain and retain business in Brazil.

26. Specifically, during this period, BRASKEM authorized a division of Odebrecht known as the Division of Structured Operations, described below, to pay bribes to Brazilian politicians and political parties, as well as to an official at Petrobras, in exchange for helping BRASKEM maintain a joint venture contract with Petrobras, a reduction in pricing for raw materials that BRASKEM purchased from Petrobras, as well as reductions in BRASKEM's tax liabilities, and other benefits.

27. Odebrecht created and funded an elaborate, secret financial structure that operated to account for and disburse corrupt bribe payments to, and for the benefit of, foreign officials and foreign political parties. Over time, the development and operation of this secret financial structure evolved, and in or about 2006, Odebrecht established the Division of Structured Operations, a standalone division within the company. The Division of Structured Operations effectively functioned as a bribe department within Odebrecht. To conceal its activities, the Division of Structured Operations utilized an entirely separate and off-book communications system, which allowed members of the Division of Structured Operations to

communicate with one another and with outside financial operators and others about the bribes through the use of secure emails and instant messages, utilizing codenames and passwords.

28. To conceal BRASKEM's criminal conduct and corrupt payments, BRASKEM provided funds to the Division of Structured Operations. Once BRASKEM sent funds to the Division of Structured Operations, the Division of Structured Operations funneled the funds into a series of offshore entities that were not listed as related entities on BRASKEM's balance sheet, and the funds were no longer recorded on BRASKEM's financial statements. BRASKEM, through the Division of Structure Operations, concealed and disguised corrupt payments made to, and for the benefit of, foreign officials and foreign political parties in Brazil. Many of the transactions were layered through multiple levels of offshore entities and bank accounts throughout the world, often transferring the illicit funds through up to four levels of offshore bank accounts before reaching the final recipient. In this regard, members of the conspiracy sought to distance the origin of the funds from the final beneficiaries.

29. The funds were also disbursed by financial operators who acted on behalf of the Division of Structured Operations, including but not limited to the beneficial owners of the accounts and/or *doleiros* (also known as money traders, who function to exchange Brazilian Reais ("R\$") for United States dollars), who delivered the payments in cash in Brazil or other foreign countries, in packages or suitcases at locations predetermined by the beneficiary of the funds; or made the payments via wire transfer through one or more of the unrelated offshore entities.

30. BRASKEM initially benefitted from the operation of the Division of Structured Operations, as well as a slush fund that was the precursor to the Division of

Structured Operations (which was managed by an Odebrecht subsidiary, Construtora Norberto Odebrecht (“CNO”)), due to its status as an Odebrecht subsidiary. That is, before 2006, Odebrecht executives associated with BRASKEM directed the Division of Structured Operations and/or the slush fund operators to make corrupt payments to support BRASKEM’s financial and political interests although BRASKEM was not contributing directly to the Division of Structured Operations or the slush fund at that time. Specifically, Odebrecht executives directed the Division of Structured Operations and/or the slush fund to make payments to various government officials in connection with the consolidation of the petrochemical sector under BRASKEM’s control. However, by approximately 2006, BRASKEM’s most senior executives and Board members determined that BRASKEM would start generating its own unrecorded funds to deposit into the Division of Structured Operations.

31. Specifically, in approximately May or June 2006, Braskem Employee 4 – then a high-level executive at BRASKEM – approached Braskem Employee 2 and advised Braskem Employee 2 that BRASKEM needed to generate its own unrecorded funds to make payments to government officials in support of its own strategic goals. At a subsequent meeting, Braskem Employee 2 and Braskem Employee 4 instructed Braskem Employee 7, then a high-level finance executive at BRASKEM, to create a system for BRASKEM to generate unrecorded funds that could be paid into the Division of Structured Operations. Braskem Employee 7, in turn, hired both an attorney and a Swiss citizen with banking experience to set up that system. BRASKEM generated unrecorded funds to deposit into the Division of Structured Operations by making payments pursuant to fabricated “commissions” contracts with three fictitious import and export agents. BRASKEM used its bank accounts in Brazil and New

York-based bank accounts held by Braskem Incorporated to pay offshore shell companies ostensibly held by the fictitious export and import agents. BRASKEM, under the guise of the fictitious agents, then directed the money to accounts held by the Division of Structured Operations.

32. In general, certain individuals serving as officers at BRASKEM – including Braskem Employee 4, Braskem Employee 5, and Braskem Employee 6 – had autonomy in managing BRASKEM’s Division of Structured Operations deposits and disbursements. Certain individuals serving as high-level financial executives at BRASKEM – including Braskem Employee 6 – were responsible for monitoring the generation of unrecorded funds. A BRASKEM employee in the company’s financial division oversaw the transfer of unrecorded funds to the Division of Structured Operations from the offshore shell companies, and periodically met with members of Braskem Agent 2’s team to check on BRASKEM’s Division of Structured Operations balance. Payments from the Division of Structured Operations at BRASKEM’s direction were made by Braskem Agent 2’s team.

33. In total, BRASKEM diverted approximately R\$513 million (equivalent to \$250 million) into offshore shell companies for transfer into accounts managed by the Division of Structured Operations, and it also directed the Division of Structured Operations to make bribe payments on its behalf. Approximately \$75 million of the money BRASKEM paid into the Division of Structured Operations was used to make bribe payments to secure benefits to BRASKEM of approximately \$289 million, including, as described below, corrupt payments to a Petrobras executive and corrupt payments to other government officials in Brazil. BRASKEM also paid an additional \$175 million into the Division of Structured Operations for which a direct

benefit has not been identified but which payments otherwise reflect a failure of BRASKEM's internal controls and a falsification of BRASKEM's books and records.

34. BRASKEM, through certain executives and employees, falsely recorded the payments that were diverted into the Division of Structured Operations-managed bank accounts on, among other things, BRASKEM's general ledger and electronic finance system as "commissions for agents," and knowingly and willfully created fake and fraudulent agency contracts and other documentation in order to mask the true purpose of these payments.

35. In furtherance of the conspiracy, and to execute the corrupt payments, beginning in or about and between 2006 and 2014, BRASKEM, through certain employees and agents, caused wire transfers to be made from bank accounts located in Brazil and the United States, into shell company accounts located outside the United States. These payments to the offshore shell companies were subsequently transferred to the Division of Structured Operations.

36. BRASKEM, through its agents, also took acts in furtherance of the corrupt scheme while in the territory of the United States. For example, some of the offshore entities that the Division of Structured Operations used to hold and disburse unrecorded funds were established, owned and/or operated by individuals located in the United States.

IV. BRASKEM's Corrupt Payments to Foreign Officials

37. During the relevant period, BRASKEM together with its co-conspirators, made payments to various government officials in the Brazilian government with the understanding that such payments would serve as, in essence, a retainer that would permit BRASKEM and its co-conspirators to call in favors when necessary to assist with BRASKEM's business.

38. In addition, BRASKEM made corrupt payments in connection with specific contracts and benefits that BRASKEM sought in Brazil. A number of these specific payments, contracts and benefits are described more fully below.

A. Approval of Favorable Tax Legislation

39. In approximately 2006, a series of judicial rulings in Brazil called into question the applicability of certain tax credits. As a result, BRASKEM faced a potentially significant increase in its tax liability. In response, Odebrecht and BRASKEM took a number of steps to ensure the passage of legislation that would mitigate the loss of such credits on BRASKEM's overall tax liabilities.

40. First, Braskem Employee 1 directed Braskem Employee 3 to reach out to Brazilian Official 3. Braskem Employee 3 made contact, asking Brazilian Official 3 to both intercede with a Brazilian minister, and to advise a member of Brazilian Official 1's staff to prepare Brazilian Official 1 to approve a legislative solution approved by Odebrecht and BRASKEM. Both individuals agreed to help Braskem Employee 3.

41. At the same time, another Odebrecht executive spoke directly to Brazilian Official 1, and asked Brazilian Official 1 to exert influence over Brazilian Official 4. Braskem Employee 1 then met directly with Brazilian Official 4 on several occasions to press the issue. At one of those meetings, Brazilian Official 4 asked Braskem Employee 1 for a contribution to Brazilian Official 2's upcoming political campaign in exchange for the official's assistance. Specifically, Brazilian Official 4 wrote down the amount "R\$50 million" on a piece of paper and slid it across the table to Braskem Employee 1. Braskem Employee 1 discussed the bribe request with Braskem Employee 5; given the potential impact of the resolution on BRASKEM,

Braskem Employee 5 agreed that BRASKEM would pay the bribe. Although the request was framed as a contribution to Brazilian Official 2's campaign, Braskem Employee 1 knew that the funds were not going to be used for the campaign. Rather, Braskem Employee 1 understood that they would be distributed after the next election for the personal benefit of various politicians.

42. As a result of these efforts, in or about 2009, a solution was reached in the form of a program that would, in effect, allow companies to employ an accounting rule to reduce tax liabilities in a similar fashion as the original tax credits. That program was subsequently incorporated into legislation that was converted into law in approximately 2010. BRASKEM benefitted from these measures, and was permitted to use the rule to reduce its tax liabilities.

43. BRASKEM subsequently used the Division of Structured Operations to make the R\$50 million bribe payment to Brazilian Official 2's political campaign with unrecorded funds. The company also used the Division of Structured Operations to pay R\$14 million to Brazilian Official 3 for the official's efforts.

B. Confirmation of Favorable Tax Treatment For Raw Materials

44. In or about 2008, state officials in a region where BRASKEM operated a petrochemical plant took the position that a particular tax should be paid in connection with BRASKEM's use of raw materials at the plant. BRASKEM disagreed with the officials' position, and argued that the tax did not apply. BRASKEM's refusal to pay the tax caused the state officials to restrict BRASKEM's receipt of certain raw materials, which threatened BRASKEM's operation of the plant.

45. BRASKEM attempted to resolve the issue by making its case to state and federal officials through formal channels that the tax did not apply. At the same time, however, BRASKEM also sought to leverage the bribes it had been making on a regular basis to Brazilian officials to help secure a favorable outcome of this issue. Specifically, Braskem Employee 3 asked Brazilian Official 3, a recipient of many of the recurring corrupt payments from the Division of Structured Operations, for the official's support and influence to get a regulatory action settling the matter. Brazilian Official 3 agreed, and Braskem Employee 3 gave him specific language to include in the regulation.

46. Based on these efforts, in or about December 2008, the federal government published a decree which clarified that the tax in question did not apply to the raw materials used by BRASKEM. Based on that statement, BRASKEM was able to resume normal operation of its plant.

C. Retention of Petrobras Contract

47. In or about 2005, BRASKEM signed a series of contracts with Petrobras to complete a significant petrochemical project. BRASKEM subsequently became concerned that Petrobras would not honor those contracts, and would instead try to give the project to one of BRASKEM's competitors.

48. In response, Braskem Employee 4 directed Braskem Employee 3 to raise the matter with Brazilian Official 6, and to take steps to ensure BRASKEM would retain the project. Braskem Employee 3 had a series of meetings with Brazilian Official 5 and Brazilian Official 6, at which both asked for bribes in return for assistance. After negotiations, they settled on a payment of R\$4.3 million, which would be conditioned on BRASKEM maintaining

all of the contracts with Petrobras related to the project. Braskem Employee 3 further stipulated that no payments would be made until certain aspects of the project were actually underway.

49. Braskem Employee 3 brought the bribe proposal to Braskem Employee 4 for approval, and Braskem Employee 4 agreed. Petrobras ultimately honored its contracts with BRASKEM, and the project proceeded. Thereafter, BRASKEM authorized Braskem Agent 2's team to make the agreed-upon payments to Brazilian Official 5 and Brazilian Official 6. The payments totaling R\$4.3 million were paid in installments in approximately 2007 and 2008, via international wire transfers paid to foreign accounts.

D. Naphtha Supply Contract

50. In or about mid-2008, BRASKEM and Petrobras began to negotiate a new long-term contract for naphtha (a colorless, volatile petroleum distillate that is a raw material for certain of BRASKEM's petrochemical operations). The technical teams from each company proposed and then debated various pricing formulas for the contract. Petrobras initially proposed a pricing formula based on an international industry standard reference that resulted in a higher price for Petrobras. BRASKEM rejected this proposal, and instead proposed a formula that was a variation on that standard that resulted in a lower price for BRASKEM.

51. At this point, Braskem Employee 5 asked Braskem Employee 3 to seek Brazilian Official 6's assistance in moving the negotiations along. Braskem Employee 3 met with Brazilian Official 5 and Brazilian Official 6, who agreed to assist BRASKEM by getting Brazilian Official 5 to put pressure on Petrobras to reduce the naphtha price to BRASKEM. In return, Braskem Employee 3 promised to pay Brazilian Official 5 and Brazilian Official 6 a bribe of \$12 million via the Division of Structured Operations.

52. After several additional rounds of negotiation, during which Brazilian Official 5 became involved in the process, both parties agreed to a new formula that reduced the price of naphtha for BRASKEM. This formula was presented to Petrobras's Executive Board on or about March 12, 2009. Although the Petrobras Executive Board signed off on many of the agreed-upon contract conditions, it changed the formula terms to increase the price of naphtha. BRASKEM rejected this change, indicating that the formula could not be changed without reopening the negotiation process.

53. Braskem Employee 5 asked Braskem Employee 3 to go back to Brazilian Official 6 and seek further assistance. Braskem Employee 3 told Brazilian Official 6 that BRASKEM would not pay the \$12 million unless the Petrobras-BRASKEM naphtha contract included a price that was more beneficial to BRASKEM. Brazilian Official 6 agreed to ask Brazilian Official 5 once again to intervene on behalf of BRASKEM. Thereafter, Brazilian Official 5 personally intervened, and ensured that the negotiation process was held open until the next meeting of the Petrobras Executive Board the following month. Brazilian Official 5 also arranged a meeting at Petrobras's headquarters between Brazilian Official 5, Braskem Employee 1, Braskem Employee 5 and an executive officer of Petrobras, at which BRASKEM was able to make a general presentation directly to the executive officer about the alignment of BRASKEM's and Petrobras's interests.

54. Following the meeting, at the direction of Brazilian Official 5, BRASKEM agreed to negotiate financial reciprocities with Petrobras to justify the reducing of the price of naphtha to the level that BRASKEM wanted. Ultimately, Petrobras agreed to a formula that

over the course of the contract would have the net effect of reducing the price of the naphtha that BRASKEM purchased. The contract was finalized in approximately July 2009.

55. Shortly thereafter, BRASKEM, via the Division of Structured Operations, began to make payments in installments on the \$12 million bribe to Brazilian Official 5 and Brazilian Official 6. Specifically, Braskem Employee 3 received foreign bank account numbers from an intermediary for Brazilian Official 5 and Brazilian Official 6, and passed them on to a member of Braskem Agent 2's team, who in turn would make the payments via international wire transfer. These payments continued even after Brazilian Official 6's death and Braskem Employee 5's departure from BRASKEM in or about 2010; in this later period, the payments were overseen by Braskem Employee 5's successor, Braskem Employee 6. The full amount of the bribe was not paid until approximately mid-2011.

E. Tax Credit Negotiations in Certain Brazilian States

56. In the mid-2000s, due to its business model, BRASKEM began to accumulate tax credits at a particularly high rate in certain Brazilian states in which it operated. If BRASKEM went ahead and used those accumulated credits as anticipated, it would cease to generate any tax revenue for those states. By approximately 2008, the imbalance had gotten so pronounced that the state governments started to threaten BRASKEM with significant increases in other taxes. As a result, BRASKEM sought to resolve the matter both by entering into legitimate negotiations with state officials, and by making significant campaign contributions to corruptly influence state government officials' decisions with respect to the tax issue. BRASKEM benefited from these corrupt payments, which ensured a favorable outcome; while

the states were able to collect some revenue from BRASKEM, the company continued to benefit significantly from the tax credits.

57. For example, in one state, BRASKEM entered into a series of agreements in which it agreed to (i) limit the use of its accumulated tax credits, (ii) invest more than R\$1 billion in infrastructure projects, and (iii) create jobs in the state, all in exchange for the state not changing the tax structure so that BRASKEM and similarly-situated companies could continue to use their remaining credits without penalty. Brazilian Official 9 and Braskem Employee 5, acting on BRASKEM's behalf, signed off on these agreements.

58. During the negotiation of these agreements, Braskem Employee 3 separately negotiated the payment, with a relative of Brazilian Official 9, of substantial official contributions by BRASKEM to Brazilian Official 9's campaigns for state office, resulting in a R\$200,000 contribution in connection with Brazilian Official 9's 2006 campaign and a R\$600,000 payment in connection with Brazilian Official 9's 2010 reelection campaign. Braskem Employee 3 understood that these payments were provided in exchange for Brazilian Official 9 signing the series of tax credit agreements with BRASKEM.

59. Similarly, in or about and between 2008 and 2009, BRASKEM reached an agreement with another Brazilian state that BRASKEM would limit its use of tax credits in return for investing more than R\$650 million in infrastructure projects in that state. The high-level official responsible for the negotiations that resulted in that agreement had previously received campaign contributions from Odebrecht for the 2006 election totaling R\$3 million through a combination of official donations and donations of unrecorded funds from the Division of Structured Operations. The purpose of those donations was to secure the official's assistance

on issues that affected Odebrecht and its related entities, including BRASKEM, such as the resolution of BRASKEM's accumulated tax credits.

F. Approval of Favorable Tax Incentive Legislation

60. In or about 2010, several Brazilian states began to offer certain tax incentives that BRASKEM believed would cause it to be less competitive in those states. BRASKEM considered the issue a top priority, and mobilized along several parallel tracks to eliminate such incentives. Braskem Agent 1 handled discussions with the Brazilian Congress, primarily through Brazilian Official 7, and Braskem Employee 1 attempted to influence the executive branch, primarily through meetings with Brazilian Official 4.

61. Subsequently, Brazilian Official 4 appointed Brazilian Official 7 as the person responsible to draft and oversee legislation that would help BRASKEM reduce or eliminate the tax incentives. As the legislation progressed, Braskem Agent 1 kept tabs on the process, speaking frequently to Brazilian Official 7 and other members of Congress. In March 2012, Braskem Employee 6 met with a number of Brazilian legislators, including Brazilian Official 7 and Brazilian Official 8, to discuss the specifics of the legislation. BRASKEM understood that it needed to pay bribes to Brazilian Official 7 and other officials in order to secure their support in connection with the legislation.

62. Subsequently, legislation was passed that reduced the ability of the states to grant the tax incentives. As soon as the legislation was finalized, Braskem Agent 1 notified Braskem Employee 6 and Braskem Employee 1 that BRASKEM needed to approve the release of unrecorded funds to fulfill commitments with certain members of Congress who had voted for the measure. Braskem Employee 6 then spoke to Braskem Agent 2 and authorized the release

of R\$4 million from the Division of Structured Operations to be disbursed at Braskem Agent 1's direction. Braskem Agent 1 advised Braskem Employee 6 that Brazilian Official 7 was one of the recipients of the unrecorded funds.

63. After the initial disbursement of funds from the Division of Structured Operations was made to certain legislators, Braskem Employee 6 was notified that another member of Congress involved in the legislation had complained that he deserved a R\$500,000 payment from BRASKEM for the legislator's work getting the measure approved. Braskem Employee 6 authorized the payment to the legislator, and Division of Structured Operations paid the legislator with unrecorded funds.

G. Approval of Favorable Tax Exemption Legislation

64. In or about 2011, Braskem sought to persuade the government to implement a new tax exemption that would benefit petrochemical companies like BRASKEM. Odebrecht and BRASKEM approached securing this exemption on several fronts. Braskem Employee 6 focused on garnering industry support for the exemption; Braskem Agent 1 dealt with members of Congress; and Braskem Employee 1 handled discussions with the executive branch, specifically Brazilian Official 4. As a result of their efforts, legislation that included the tax exemption was introduced in Congress in approximately 2013. However, issues arose as the legislation progressed towards a vote. First, an amendment was added to the legislation that was unpopular with many of the legislators. To eliminate the amendment, Braskem Employee 1 called Brazilian Official 4, who in turn placed Braskem Employee 1 in touch with an aide to a government official. Braskem Employee 1 convinced the aide to drop the unpopular amendment.

65. However, the legislation was effectively stalled by a request made by a high-level official in the legislative branch, who proposed eliminating a different amendment. In response, Braskem Agent 1 contacted Braskem Employee 6 and Braskem Employee 1, and conveyed that BRASKEM needed to pay significant sums to various members of Congress in order to get the request lifted and to move the legislation along. Braskem Employee 6 approved the request and told Braskem Agent 2 to make unrecorded funds from the Division of Structured Operations available to Braskem Agent 1. After the funds were disbursed, the high-level official lifted the request to eliminate the amendment, and the legislation was passed.

66. Braskem Agent 1 subsequently advised Braskem Employee 6 that the payments were divided among a number of members of Congress. Specifically, approximately R\$2.1 million had been paid to the high-level official who had proposed eliminating an amendment; approximately R\$4 million had been paid to Brazilian Official 7 (who Braskem Agent 1 believed shared the funds with Brazilian Official 8); approximately R\$1 to \$1.5 million had been paid to a high-level official in the legislative branch; and approximately R\$100,000 had been paid to a second high-level official in the legislative branch.

67. In addition, while Brazilian Official 4 received no specific compensation for the official's role in ensuring the passage of the legislation, BRASKEM was required to pay an additional R\$100 million above and beyond what Braskem Employee 1 had previously agreed with Brazilian Official 4 to pay to the official's political party and to members of the federal government. This increase was negotiated by Brazilian Official 4 and primarily went to contributions for party members in the 2014 campaigns.

CONSPIRACY TO BRIBE FOREIGN OFFICIALS

68. The allegations contained in paragraphs one through 67 are realleged and incorporated as though fully set forth in this paragraph.

69. In or about and between 2002 and 2014, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant BRASKEM, together with others, did knowingly and willfully conspire to commit offenses against the United States, to wit: as an issuer, to willfully make use of the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value to a foreign official, a foreign political party, a foreign political party official, a foreign political candidate and to a person, while knowing that all or a portion of such money and thing of value would be and had been offered, given, and promised to a foreign official, a foreign political party, a foreign political party official and a foreign political candidate, for purposes of: (a) influencing acts and decisions of such foreign official, foreign political party, foreign political party official and foreign political candidate in his or her official capacity; (b) inducing such foreign official, foreign political party, foreign political party official and foreign political candidate to do and omit to do acts in violation of the lawful duty of such official; (c) securing any improper advantage; and (d) inducing such foreign official, foreign political party, foreign political party official and foreign political candidate to use his or her influence with a foreign government and agencies and instrumentalities thereof to affect and influence acts and decisions of such government and agencies and instrumentalities, in order to assist BRASKEM, and its employees and agents, in obtaining and retaining business for and

with, and directing business to BRASKEM and others, contrary to Title 15, United States Code, Section 78dd-1.

70. In furtherance of the conspiracy and to effect its objects, the defendant BRASKEM, together with its co-conspirators, committed and caused to be committed, within the Eastern District of New York and elsewhere, at least one of the following:

OVERT ACTS

- a. In or about and between 2005 and 2006, Braskem Employee 3 negotiated the payment of contributions by BRASKEM to Brazilian Official 9's 2006 campaign.
- b. In or about and between May 2006 and June 2006, Braskem Employee 2 and Braskem Employee 4 instructed Braskem Employee 7 to create a system to generate unrecorded funds for BRASKEM.
- c. In or about 2007, Braskem Employee 4 authorized the Division of Structured Operations to make payments totaling \$4.3 million to Brazilian Official 5 and/or Brazilian Official 6.
- d. In or about 2008, Braskem Employee 3 agreed to make a payment of \$12 million to Brazilian Official 5 and Brazilian Official 6.
- e. In or about 2008, Braskem Employee 3 and Brazilian Official 3 discussed draft language for a regulatory action.
- f. In or about 2009, Braskem Employee 1 and Braskem Employee 5 discussed a request from Brazilian Official 4 for a R\$50 million payment.
- g. In or about 2009, Braskem Employee 3 negotiated the payment of contributions by BRASKEM to Brazilian Official 9's 2010 campaign.

h. In or about and between 2009 and June 2010, Braskem Employee 5 authorized the payment of \$12 million from the Division of Structured Operations in installments to Brazilian Official 5 and Brazilian Official 6.

i. In or about and between 2009 and 2010, BRASKEM directed the Division of Structured Operations to make a R\$50 million payment to Brazilian Official 2's political campaign.

j. In or about March 2012, Braskem Employee 6 met with Brazilian Official 7, Brazilian Official 8 and others to discuss legislation related to tax incentives.

k. In or about 2012, Braskem Employee 6 authorized the release of R\$4 million from the Division of Structured Operations to be disbursed to Brazilian Official 7 and other government officials.

l. In or about 2012, Braskem Employee 6 confirmed the disbursement of a portion of R\$4 million in unrecorded funds authorized by BRASKEM to, among others, Brazilian Official 7.

m. In or about 2012, Braskem Employee 6 and others authorized the payment of R\$500,000 to a member of Congress.

n. In or about and between 2012 and 2013, Braskem Employee 1 and Braskem Employee 6 discussed making payments to various legislators to ensure the passage of legislation related to tax incentives.

o. In or about and between 2012 and 2013, Braskem Employee 6 authorized the payment of approximately R\$7.6 million from the Division of Structured Operations to be disbursed to government officials, including Brazilian Official 7.

p. In or about and between 2012 and 2013, BRASKEM paid approximately R\$7.6 million through the Division of Structured Operations using unrecorded funds to various government officials including Brazilian Official 7.

q. On or about April 28, 2014, BRASKEM made a payment in the amount of \$1,611,120.95 from a New York based bank account held by Braskem Incorporated to an offshore shell company controlled by BRASKEM.

r. On or about April 30, 2014, BRASKEM made a payment in the amount of \$1,405,489.26 from another New York based bank account held by Braskem Incorporated to an offshore shell company controlled by BRASKEM.

(Title 18, United States Code, Sections 371 and 3551 et seq.)



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