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Department of Justice

U.S. Attorney's Office

Eastern District of New York

FOR IMMEDIATE RELEASE

Thursday, April 15, 2021

Former CEO of Braskem Pleads Guilty to Bribery

Approximately \$250 Million Diverted from Braskem Through a Secret Slush Fund Used to Pay Bribes to Government Officials and Political Parties in Brazil

BROOKLYN, NY – Earlier today, in federal court in Brooklyn, Jose Carlos Grubisich, the former chief executive officer of Braskem S.A. (Braskem), a publicly traded Brazilian petrochemical company, pleaded guilty before United States District Judge Raymond J. Dearie to (1) conspiring to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) and (2) conspiring to violate the books and records provisions of the FCPA in failing to accurately certify Braskem's financial reports. Grubisich and his co-conspirators engaged in a massive bribery scheme involving Braskem and its parent company Odebrecht S.A. (Odebrecht), in which hundreds of millions of dollars were diverted from Braskem to a secret slush fund that was used, in part, to pay bribes to government officials, political parties and others in Brazil to obtain and retain business for Braskem. Under the plea agreement, Grubisich has agreed to pay approximately \$2.2 million in forfeiture.

Mark J. Lesko, Acting United States Attorney for the Eastern District of New York, Nicholas L. McQuaid, Acting Assistant Attorney General of the Justice Department's Criminal Division, and William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI), announced the guilty plea.

"Grubisich abused his position of trust as CEO of Braskem to both facilitate and conceal the payment of millions of dollars in bribes so that Braskem could increase its profits and its senior executives —

including Grubisich himself — could personally benefit,” stated Acting United States Attorney Lesko. “This Office is committed to the prosecution of corrupt gatekeepers, including officers and directors of public companies, who, like Grubisich, use the United States’ financial system to commit crimes.”

“As CEO of a publicly traded company, Grubisich and other senior executives at Braskem engaged in a large-scale, sophisticated international bribery and fraud scheme and then lied to U.S. shareholders and authorities to conceal their criminal conduct,” stated Acting Assistant Attorney General McQuaid. “Today’s guilty plea demonstrates the Department’s commitment to holding individuals accountable for corrupt and fraudulent conduct, including those at the highest corporate echelons.”

As set forth in court filings and at today’s proceedings, between approximately 2002 and 2014, Grubisich, a citizen of Brazil, who served as the CEO and a member of the Board of Directors of Braskem as well as in various capacities for Odebrecht— engaged in a scheme to bribe Brazilian government officials in violation of the FCPA. As part of the scheme, Grubisich and his co-conspirators diverted approximately \$250 million from Braskem into a secret slush fund which Grubisich and others had set up through fraudulent contracts and offshore shell companies that were secretly controlled by Braskem. At the time of the conspiracy, Braskem’s American Depositary Receipts were publicly traded on the New York Stock Exchange.

Grubisich admitted that, while CEO of Braskem, he agreed to pay bribes to Brazilian government officials to ensure Braskem’s retention of a contract for a significant petrochemical project from Petroleo Brasileiro S.A.—Petrobras, Brazil’s state-owned and state-controlled oil company. Grubisich further admitted that while CEO of Braskem, he agreed to falsify Braskem’s books and records by causing Braskem to falsely record the payments to offshore shell companies controlled by Braskem as payments for legitimate services. Grubisich signed false Sarbanes-Oxley certifications submitted to the United States Securities and Exchange Commission (SEC) that, among other things, attested that Braskem’s annual reports fairly and accurately represented Braskem’s financial condition, and that Grubisich, as Braskem’s principal officer, had disclosed all fraudulent conduct by Braskem’s management and other employees with control over Braskem’s financial reporting.

In December 2016, Braskem and Odebrecht pleaded guilty in the Eastern District of New York to one-count criminal informations charging each with conspiracy to violate the anti-bribery provisions of the FCPA. Braskem settled with the SEC in related proceedings on the same day.

The government’s case is being prosecuted by Assistant U.S. Attorneys Julia Nestor and Alixandra Smith of the Office’s Business and Securities Fraud Section, and Assistant Chief Lorinda Laryea and Trial Attorney Leila Babaeva of the Criminal Division’s Fraud Section. Assistant U.S. Attorney Laura Mantell of the Office’s Civil Division is handling forfeiture matters. The FBI’s International Corruption squad in New York is investigating the case.

The Criminal Division’s Office of International Affairs provided substantial assistance, as did the SEC’s Division of Enforcement, Ministério Público Federal and the Departamento de Polícia Federal in Brazil, the Office of the Attorney General in Switzerland, and the governments of Portugal, Andorra, United Kingdom, and Panama.

The Defendant

JOSE CARLOS GRUBISICH

Age: 64

Sao Paulo, Brazil

E.D.N.Y. Docket No. 19-CR-102 (RJD)

Topic(s):

Foreign Corruption

Component(s):

USAO - New York, Eastern

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Updated April 15, 2021