

Brazil judge suspends aspects of J&F leniency, asset sales in limbo

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A Brazilian judge on Monday suspended criminal aspects of the leniency agreement of former Havaianas majority stakeholder J&F Investimentos SA, a holding company run by the scandal-ridden Batista family, adding to uncertainty about billions of dollars of asset sales.



Brazil's billionaire businessman

Joesley Batista leaves the Federal Police headquarters after losing immunity from prosecution amid a corruption scandal, in Sao Paulo, Brazil, September 11, 2017. REUTERS/Leonardo Benassatto

Federal Judge Vallisney de Souza Oliveira held up the criminal immunity of additional J&F executives until the Supreme Court makes a final ruling on Joesley Batista's plea bargain in a corruption probe, whose benefits were revoked due to evidence he had hidden some crimes from prosecutors.

Police flew Batista to Brasilia on Monday following his surrender to authorities in Sao Paulo over the weekend after he lost immunity from prosecution. Police also raided J&F's headquarters and Batista's home on orders from Supreme Court Justice Edson Fachin.

Uncertainty about J&F's leniency agreement could threaten an estimated 14 billion reais (\$4.5 billion) of recent asset sales and jeopardize the future of a company that diversified from meatpacking into fashion, energy, wood pulp and banking over the past five years.

J&F lawyers said Joesley Batista "did not lie or omit information" in his plea deals. A lawyer for Batista did not take calls seeking comment.

Civil aspects of the J&F's leniency agreement, which was signed in June and ratified by Judge Oliveira on Friday, remain in effect, according to a statement late on Monday from federal prosecutors.

J&F reached a deal with prosecutors earlier this year agreeing to pay a record fine of 10.3 billion reais for its role in a corruption scandal involving the bribery of hundreds of politicians.

That settlement was based on a plea bargain signed by Joesley Batista and collaborators in May to deliver evidence including a recording of his conversation with President Michel Temer, which led to a corruption charge against the leader.

But additional evidence later handed to prosecutors included another tape that appeared to show that Batista had been helped by federal prosecutor Marcelo Miller in crafting the plea deal and concealing certain crimes, according to prosecutors.

Police also raided Miller's Rio de Janeiro home on Monday. His lawyers said he cooperated with the search and with investigators.

The scandal was the latest shock to Brazil's business and political establishment after three years of investigation into widespread political bribery and kickbacks on contracts with state-run companies.

The recording of President Temer provided to prosecutors by Batista allegedly revealed him endorsing hush payments to a possible witness in the graft probe. Temer has repeatedly denied the accusations and the lower house of Congress voted against him standing trial at the Supreme Court.

J&F Investimentos SA had agreed to sell a controlling stake in Havaianas flip-flop maker Alpargatas SA to the investment firms of Brazil's most prominent banking families for 3.5 billion reais (\$1.1 billion) in July 2017.

(\$1 = 3.10 reais)

