

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87889 / January 6, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-18843

In the Matter of

Petróleo Brasileiro S.A. - Petrobras,

Respondent.

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**ORDER APPOINTING
FUND ADMINISTRATOR
AND SETTING BOND
AMOUNT**

On September 27, 2018, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”)¹ against Petróleo Brasileiro S.A. - Petrobras (“Petrobras” or the “Respondent”). In the Order, the Commission found that, from at least 2003 to April 2012, Petrobras engaged in a large-scale expansion of its infrastructure for producing oil and gas, a matter of significant interest to investors. During the same period, certain former senior Petrobras executives (the “Corrupt Executives”) worked with Petrobras’s largest contractors and suppliers to inflate the cost of Petrobras’s infrastructure projects by billions of dollars. In return, the companies executing those projects paid billions of dollars in kickbacks that typically amounted to between 1% to 3% of the contract cost to the Corrupt Executives and conspiring politicians and political parties, including the Brazilian politicians to whom the Corrupt Executives owed their jobs at

¹ Securities Act Rel. No. 10561 (Sept. 27, 2018).

Petrobras. These same executives submitted misleading documents as part of Petrobras' internal process of preparing its filings with the Commission.

The Commission ordered Petrobras to pay disgorgement of \$711,000,000 plus prejudgment interest of \$222,473,797, for a total payment of \$933,473,797. This amount was subject to reduction by any payment by Petrobras to the class action settlement fund in the matter of *In re Petrobras Securities Litigation*, No. 14-cv-9662 (S.D.N.Y.), up to and including the entire amount of the obligation.

The Commission further ordered Petrobras to pay a civil money penalty of \$853,200,000, subject to reductions of up to \$682,560,000 and \$85,320,000 for monies paid to the Brazilian authorities and the United States Department of Justice respectively, resulting in a post-reduction minimum penalty of \$85,320,000. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, the Commission established the Fair Fund, so that the civil penalties could be distributed to harmed investors (the "Fair Fund"). The Fair Fund includes the \$85,320,000 paid by the Respondent. The Commission ordered Petrobras to pay all reasonable administrative costs and expenses of the distribution, including payments of taxes and the premium fee for the administrator bond.

On March 25, 2019, Petrobras paid \$85,320,000, satisfying the reduced penalty in full, into the Fair Fund, pursuant to the Order.

The Division of Enforcement now seeks the appointment of Epiq Systems, Inc. ("Epiq") as the fund administrator and requests that the administrator's bond be set at \$85,320,000. Epiq is included in the Commission's approved pool of administrators.

Accordingly, IT IS HEREBY ORDERED that Epiq is appointed as the fund administrator, pursuant to Rule 1105(a) of the Commission's Rules of Fair Fund and

Disgorgement Plans (“Commission’s Rules”),² and shall obtain a bond in accordance with Rule 1105(c) of the Commission’s Rules³ in the amount of \$85,320,000.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁴

Vanessa A. Countryman
Secretary

² 17 C.F.R. § 201.1105(a).

³ 17 C.F.R. § 201.1105(c).

⁴ 17 C.F.R. § 200.30-4(a)(17).