



Month in a Minute: February 2024

Hughes Hubbard's anti-corruption "Month in a Minute" offers a quick look-back at the biggest foreign corruption-related developments from the prior month. The Month in a Minute is intended to provide a quick snapshot of the latest news and developments. We hope you find it a useful and perhaps even enjoyable resource.

Highlights from February 2024 include no criminal charges for a multinational insurance broker, cooperation credit for a Venezuelan citizen, a guilty plea by a former Stericycle VP, and a guilty verdict for former Vitol trader, Javier Aguilar.

DOJ Closes Investigation Into Arthur Gallagher

On February 9, 2024, Arthur J. Gallagher & Co. ("Gallagher"), a multinational insurance broker, announced in its annual report that the DOJ had closed its inquiry into whether the company violated foreign bribery laws and would not pursue criminal charges. In November 2022, the DOJ's FCPA unit issued a subpoena to Gallagher seeking information about its business with public entities in Ecuador. Gallagher cooperated with the DOJ's investigation. The investigation was part of the DOJ's widespread effort to investigate bribery in Ecuador, which has resulted in enforcement actions against three insurance brokerages and charges against at least eight individuals, including the former chairman of two Ecuadorian state insurance companies, over the past three years.

Venezuelan Citizen Sentenced to Six Months for Facilitating Bribes

On February 16, 2024, U.S. District Judge Rodolfo Ruiz of the U.S. District Court for the Southern District of Florida sentenced Orlando Alfonso Contreras Saab to six months in prison and ordered him to pay over \$6 million in criminal fines and forfeiture for his role in accepting bribes on behalf of Venezuelan officials, including the former governor of the Venezuelan state of Tachira, José Gregorio Vielma-Mora. As part of a plea agreement, Contreras Saab had previously admitted that between 2016 and 2019, he acted as an intermediary and facilitated bribes from his co-conspirators to Venezuelan officials (including Vielma-Mora) in exchange for inflated food contracts and other business advantages. Specifically, Contreras Saab and his co-conspirators created a plan to import food boxes for a government-controlled food distribution plan. They artificially inflated the costs to produce, import, and distribute the boxes, resulting in increased margins that served as additional profits for the companies who received the contracts and were used to pay bribes to Vielma-Mora and other unnamed Venezuelan officials who approved the contracts.

Contreras Saab and Vielma-Mora received approximately \$16.9 million from the conspiracy, of which Contreras Saab kept about \$6 million. As part of his sentence, Contreras Saab was ordered to forfeit the \$6 million he retained and to pay a \$40,000 fine. In providing a more lenient sentence than recommended by the U.S. Sentencing Guidelines, Judge Rodolfo Ruiz cited Contreras Saab's cooperation with the U.S. government, which included cooperating with the Drug Enforcement

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Agency and undertaking several trips to Venezuela to gather evidence on Vielma-Mora and Alex Saab, a businessman with ties to Venezuelan President Nicolas Maduro, who was freed in a U.S.-Venezuela prisoner exchange in December 2023.

Former Stericycle VP Pleads Guilty to FCPA Charge

On February 27, 2024, Mauricio Gomez Baez, a former senior vice president at the Latin American subsidiary of international waste management company Stericycle, pleaded guilty to one count of conspiracy to violate the anti-bribery provisions of the FCPA for his involvement in the payment of approximately \$10.5 million in bribes to government officials in Mexico, Brazil, and Argentina. Gomez Baez facilitated the bribe payments to assist Stericycle in obtaining contracts for medical waste collection in those countries. The bribes were calculated as a percentage of the underlying contract payments owed to Stericycle from government customers. The co-conspirators tracked the bribe payments through spreadsheets and described the bribes through code words such as "IP." Gomez Baez is scheduled to be sentenced on May 16, 2024.

In April 2022, Stericycle agreed to pay more than \$80 million in penalties and disgorgement to resolve parallel investigations by the DOJ and SEC into whether it violated the anti-bribery and books and records provisions of the FCPA through the scheme.

Aguilar Found Guilty of FCPA & Money Laundering Charges

On February 23, 2024, Javier Aguilar, a former trader for Vitol Group ("Vitol"), was convicted in the U.S. District Court for the Eastern District of New York on three counts: conspiracy to violate the FCPA, violating the anti-bribery provision of FCPA, and conspiracy to commit money laundering. Aguilar's conviction on the first two counts stems from charges brought in 2020 alleging that he paid approximately \$920,000 in bribes to a former senior manager at Petroecuador, Ecuador's national oil company, as well as to an official in the Ecuadorian Ministry of Hydrocarbons in exchange for securing a \$300 million fuel oil contract for Vitol. Aguilar's conviction for money laundering stems from his scheme in Ecuador as well as allegations set forth in a December 2022 superseding indictment which alleged that Aguilar laundered money in connection with the payment of more than \$600,000 in bribes to officials of PEMEX Procurement International, Inc., a U.S.-based subsidiary of Mexico's state-owned oil company, Petróleos Mexicanos ("PEMEX"), in exchange for information that helped Vitol win a contract to supply ethane to PEMEX. Aguilar and his co-conspirators allegedly concealed their bribery schemes by using fake contracts, falsified invoices, and a network of shell companies in the Caribbean. In total, it is estimated that Vitol received more than \$500 million dollars as a result of Aguilar's schemes.

Despite his conviction, Aguilar maintains his innocence and has stated an intention to appeal the verdict. Aguilar is currently awaiting sentencing and faces a maximum of 30 years in prison. Aguilar is also facing foreign bribery charges in the U.S. District Court for the Southern District of Texas for his role in the alleged PEMEX bribery scheme. These charges were initially filed in the Eastern District of New York with the money laundering charge but were dismissed for lack of venue in May 2023. Prosecutors subsequently filed them in the Southern District of Texas in August 2023. No trial date has been set for those charges.

FACT OF THE MONTH

Every February 2, the halfway point between the winter solstice and the spring equinox, Americans celebrate Groundhog Day and look to Punxsutawney Phil to determine whether there will be a long winter or an early spring. On February 2, 2024, Punxsutawney Phil emerged and did not see his shadow, signaling an early spring. While Phil's instinct is correct only about 40% of the time, his prediction this year appears accurate—at least for Washington, DC, which has been graced with warmer temperatures and colorful blooms in recent days.