



8/13/2018

UNIVERSITY
OF
OKLAHOMA

OPERATION CAR WASH EFFECTS ON PERU



TABLE OF CONTENTS

1: Cover

2: Table of Contents

3: Summary of Operation Car Wash

4: US Court Case that Exposed Peru

5-6: Peru's Culture on Political Corruption

7: Odebrecht Peru Projects

8: Peru Bribery Gate Keeper Chart

9: Reactions Across Peru

**10-12: Legal Proceedings & Changes to the
Laws**

13-15: Defense of the Bribes

16: Findings

17-22: Works Cited

23: Picture References

SUMMARY OF OPERATION CAR WASH

Operation Car Wash began as a money laundering investigation in 2014 within the jurisdiction of Brazil. The target was Alberto Youseff who was known as a career criminal king pin for laundering money across Brazil. While Brazilian Federal investigators assumed it was meant to be a routine investigation and break up large sums of funds, they had no idea that they were about to begin a life changing investigation that would greatly influence politics in Brazil¹ and spread across multiple countries in Latin America including Peru. As the investigation progressed it looked like it would end before the Olympics and business as usual would continue across Latin America. Instead the Olympics put a temporary hold on the matter. In December 2016 a bomb shell dropped in US Federal Court (**US District Court of the E District of New York & USA V Odebrecht S.A Plea Agreement**) that expanded the investigation.

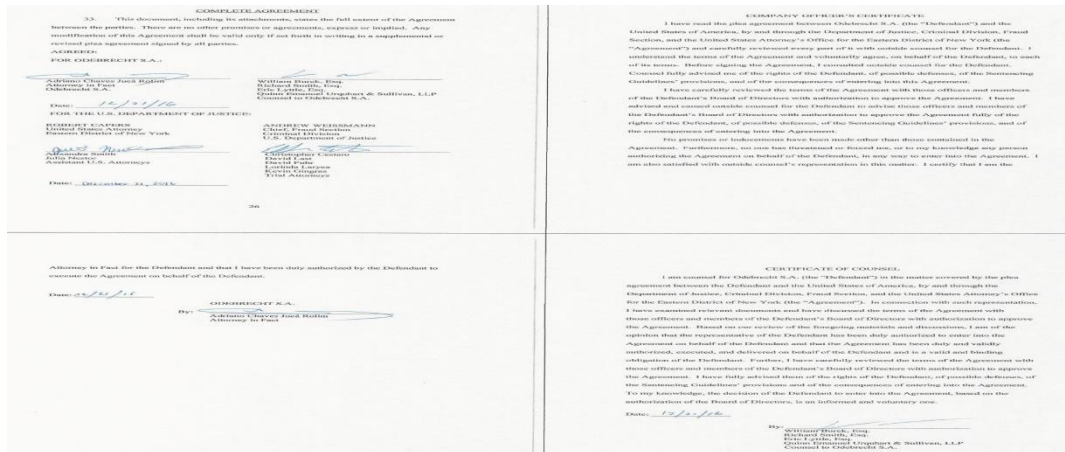
Brazilian Company Odebrecht had admitted via its US Counsel that it paid \$788 Million USD in bribes to receive \$3.336 Billion USD worth of contracts in Angola, Argentina, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Mexico, Mozambique, Panama, Peru & Venezuela. The network set up for these payments was very elaborate. While the investigation spans multiple countries/offshore accounts, this paper will look specifically at the Peru portion of Operation Car Wash examining the total amount in bribes, the Peruvian political corruption culture, what would have happened had bribes not taken place (Peruvian saying: “He steals, but delivers”)², the reactions of Peruvians and actions taken against those involved since discovery.

¹ Romero Simon: August 31st, 2016: New York Times: *Dilma Rousseff Is Ousted as Brazil’s President in Impeachment Vote* <https://www.nytimes.com/2016/09/01/world/americas/brazil-dilma-rousseff-impeached-removed-president.html> Accessed: August 10th, 2018

² Vergara Ana: London School of Economics and Political Science: Psychological and Behavioral Science Blog: *“He steals, but delivers”: tolerance to corruption in Lima, Peru* August 22nd, 2017: Accessed Wed August 1st, 2018 from: <http://blogs.lse.ac.uk/latamcaribbean/2017/08/22/he-steals-but-delivers-tolerance-to-corruption-in-lima-peru/>

**UNITED STATES DISTRICT COURT OF THE EASTERN DISTRICT OF NEW YORK & THE
UNITED STATES OF AMERICA V ODEBRECHT S.A PLEA AGREEMENT: CR NO 16-643 (RJD)**

As December 7th, 1941 is a day that shall live in infamy after the Japanese attacked Pearl Harbor, for the participants in Operation Car Was at Brazilian Company Odebrecht, December 21st, 2016 is a date that shall live in infamy when the plea agreement was signed and announced to the World exposing wide scale corruption.



The specifics exposed in the December 2016 plea agreement and admitted to by Odebrecht included \$29 Million USD payment to obtain \$143 Million USD worth of Benefits (B-20 Page 65: Plea Agreement) between 2005 and 2008. Later in 2008 after the previous contract was complete, Odebrecht spent \$1.4 million USD to bribe low level voting members on a tender committee to win a \$400 Million USD contract paid by the Peruvian government for an infrastructure transportation expansion project. (B-20 Page 66: Plea Agreement) While those were the initial major admissions in US Court, additional corrupt dealings of Odebrecht in Peru would later come to light.

³ United States District Court of the Eastern District of New York & the United States of America V Odebrecht S.A Plea Agreement: CR NO 16-643 (RJD): Pages 26-29: Signatures of the agreement on December 21st, 2016: Accessed on Wednesday August 1st, 2018 from the US Justice Department Archives: <https://www.justice.gov/criminal-fraud/file/920101/download>

PERU'S CULTURE ON POLITICAL CORRUPTION

Corruption in Peruvian politics is nothing new under the dark grey depressing clouds of a June Lima, the sun of the Sacred Valley or the covered forest of the Peruvian Jungle. In fact it was rooted within the Spanish legal system and a part of Peruvian culture from the time of Independence. While following the history of corruption in Peru is fascinating, in order to understand the modern day version, one only needs to look at the 1970's Peruvian film industry under Velasco Alvarado (Hernandez-Rodriguez p 183)⁴ when it started as tax incentives (production fee = bribe to get out of taxes like bribe = government contract) to avoid paying taxes to the Peruvian government while they were trying to knock off Cuba and Bolivia film industries. This lasted until Francisco Morales Bermúdez took over and weaponized the Peruvian film industry for political purposes to personal gain against his opponents.

As the tradition expanded, it gave justification to the accepting of bribes from “friends” for contracts as a form of additional incentive information on the steering committees deciding the project bids that Odebrecht would later find its way to the top of the bribing ladder for Peruvian public works projects. The Shining Path incident exploded across Peru which led to wider scale corruption followed by the Fujimori era in partnership with Montesinos who would pay bribes for votes to advance the social contract vision of government by Fujimori.⁵ Overtime this led to familiarity and comfort with corruption by the Peruvian people and within its operators of the system as normal.

⁴ Hernandez Rodriguez R: Splendors of Latin Cinema p 183: Obtained from personal copy.

⁵ Zoido Pablo & McMillan John: Journal of Economic Perspectives: Fall 2004 How to Subvert Democracy: Montesinos in Peru Page 69 Accessed: August 10th, 2018 from <http://pricetheory.uchicago.edu/levitt/Papers/McMillanZoido2004.pdf> **“In the course of exercising power, Montesinos methodically bribed judges, politicians, and the news media. Montesinos kept meticulous records of his transactions. He required those he bribed to sign contracts detailing their obligations to him. He demanded written receipts for the bribes. Strikingly, he had his illicit negotiations videotaped.”**

In addition as documented by the Quipu Project⁶ there were programs of doctors sterilizing people in mass across rural Peru while doctors were getting paid extra to do it in the forms of bribes to violate their hypocritical oaths. Despite the numerous investigations and calls for justice, justice was never received for the victims or anyone successfully prosecuted. To deny the existence of corruption in Peru would be a fool's errand, fake news and oblivious to the facts. To not participate in it, would be to disadvantage yourself or company in whatever you are trying to achieve. The odds of getting caught, let alone prosecuted are very low.

However once giving up your power, there is always a chance you could end up in jail unlike the no touch rule of former Mexican Presidents as long as they stay out of politics. It reminds me of a lecture by Dr. Kenney in which he mentioned a conversation he had with a Peruvian Ambassador about a guy not wanting to give up his power, because if he did, jail would come. While in Peru figures heads are sought, it's very rare if charges are brought against the agents/operators of the machine carrying out the vision which creates loyalty to the one in power. Despite eventual release⁷ which happened for Fujimori on January 4th, 2018 that rarely happens and most politicians go on being corrupt for the rest of their life taking bribe after bribe within Peru which creates its corrupt political culture despite its rich history. Most of the bribe recipients stay with their families and the few convicted are usually reunited with their family eventually after release.



⁶ Maria I. Court and Rosemarie Lerner The Guardian: Feb 2017 Video: <https://www.theguardian.com/world/ng-interactive/2017/feb/10/quipu-the-phone-line-calling-for-justice-in-peru-video> Accessed: August 10th, 2018

⁷ Rochabrún Marcelo January 5th, 2018 New York Times: <https://www.nytimes.com/2018/01/05/world/americas/peru-fujimori-released-hospital.html> Accessed 8/10/2018

⁸ Kenji Fujimori official Twitter Page: January 4th, 2018: <https://twitter.com/KenjiFujimoriH/status/949113083808673793>

ODEBRECHT PROJECTS IN PERU

After having examined the corruption culture within in Peru, let's look at the 7 major projects⁹ in Peru by Odebrecht that include allege bribes between 2014-2018.

PROJECT:	DESCRIPTION:	KKONWN BRIBE AMOUNT (USD):
1: Lima Subway & Lima Subway Line 2 Expansion:	The subway system in Lima was built by Odebrecht and the current expansion/renovation of line 2 is still be constructed by Odebrecht.	Ollanta Humala: \$3 Mil USD ¹⁰ (Proven) Alan Garcia: Amount in dispute. (Alleged)
2: Interoceanic Highway:	The portion of the Interoceanic Highway within Peru was built by Odebrecht. Its alleged that the bribe on this specific project was funded and supported by China to ensure the road was completed.	Alejandro Toledo: \$20 Mil USD (Proven) ¹⁰ Pedro Pablo Kuczynski: \$782K USD (Proven) ¹⁰
3: Olmos Irrigation:	Improves water transportation across Peru. While not proven, there is evidence to suggest that Odebrecht bribed Peruvian officials for this project as well.	\$620k USD to Tender Committee. (Alleged)
4: Chavimochic Project 3rd Phase:	This is in the northwestern costal region of Peru for the purpose of irrigating land in the Chicama Valley, north of Trujillo. While not officially proven, it is more than likely that bribes were paid to regional government authorities in 2011 so Odebrecht could begin work in 2012.	\$2 Mil USD to unnamed Peruvian officials. (Alleged)
5: Chaglla Hydro Electric Plant:	\$1.2 Billion USD investment project that was built starting in 2011 and finished in 2016. In August 2017 under allegations of bribes to Peruvian authorities from Odebrecht, China via China Three Gorges Corporation (CTG) operations were stopped at the plant cutting off power to thousands of Peruvians. Despite being functional and complete the plant is closed down.	\$3.4 million USD to unnamed Northwestern Coastal Officials in Lima. (Ongoing investigation)
6: Cusco Vía de Evitamento Road Project:	Road infrastructure expansion project in Cusco at \$156.2 Million USD. Bribes are also alleged in this project.	\$2 mil USD to Cusco politicians. (Alleged)
7: Matarani Port:	A port in Lima where the Chinese load and unload merchandise to avoid the Panama Canal before trucking them across the Interoceanic Highway to Rio de Janiero.	\$1.5 mil USD to Luis Castañeda. (Ongoing investigation)
TOTAL IN BRIBES: (USD)	NA	Alleged: \$4.62 Mil Under Investigation: \$4.9 Mil Proven: \$23.782 Mil Grand Total: \$33.302 Mil

⁹ Odebrecht Infrastructure -Latin America Odebrecht website: <http://www.odebrechtusa.com/businesses/our-businesses/infrastructure-latin-america> Accessed: August 11th, 2018

¹⁰ Gibson Dunn: *Key 2017 Developments in Latin American Anti-Corruption Enforcement* March 15th, 2018 p 12-14 <https://www.gibsondunn.com/wp-content/uploads/2018/03/key-2017-developments-in-latin-american-anti-corruption-enforcement.pdf> Accessed: August 11th, 2018

PERU GATE KEEPERS BRIBERY CHART:

Aportes de Buenrecom a las Campañas																				
MONTO (EN US\$)																				
	3'000,000		1'200,000		200,000		300,000		700,000		3'000,000									
	INTERMEDIARIOS																			
	Nadine Heredia		Valdemir Garreta		Jaime Yoshiyama		Augusto Bedoya C.		Luis Alva Castro		Susana de la Puente		Avi Dan On		José Castro G.		Valdemir Garreta			
	CANDIDATO/AÑO																			
	Ollanta Humala		Keiko Fujimori		Alan Garcia		Pedro Pablo Kuczynski		Alejandro Toledo		Susana Villarán									

¹¹ Dr. Kenney: 2018 10 Corruption Peru.pdf IAS 3940: Journey to Peru: Summer 2018. Obtained from Canvas Files on August 1st, 2018

REACTIONS ACROSS PERU

When the news first broke in Peru it was met with indifference of just another bribe as part of business as usual within Peru. The old Peruvian saying “**He steals but delivers**” was alive and well at that point. The Peruvian general public started to react to this matter in February 2017 when former Peruvian President Alejandro Toledo was formally charged¹² (DW) by Peru’s Attorney general for accepting over \$20 Million USD in bribes from Odebrecht. By July 2017 with public anger growing, another former Peruvian President, this time Ollanta Humala was sentenced to pretrial detention and turned himself in along with his wife.¹³ (BBC)

By December 4th, 2017 with increasing protests across Peru to not only go after the politicians, but also those making the bribes¹⁴ (Telesur) four (4) business men who made the bribes on behalf of Odebrecht were sentenced to 18 months in prison of jail time for bribing Peruvian government officials. This led to wild outcries and protest taken to a new level that implicated the current (at the time in 2017) Peruvian President Kuczynski who then found himself up for impeachment votes. He made a deal to scape impeachment in which he pardoned former Peruvian President Fujimori. However with that he ran out of leverage and while denying the bribery allegations resigned in office the day before his impeachment vote in March stating “**it was the best thing for Peru.**”¹⁵



¹² DW Made for Minds: Feb 8th, 2017: ***Peru Prosecutors Seek Arrest of Former President Toledo on Corruption Charges*** <https://www.dw.com/en/peru-prosecutors-seek-arrest-of-former-president-toledo-on-corruption-charges/a-37450807> Accessed August 13th, 2018

¹³ July 14th, 2017 BBC News: ***Peru Ex-President Ollanta Humala and Wife put in Pre-Trial Detention*** <https://www.bbc.com/news/world-latin-america-40605823> Accessed August 13th, 2018

¹⁴ Telesur December 4th, 2017: ***4 Peruvian Businessmen Sentenced to 18 Months in Odebrecht Case*** Accessed August 13th, 2018

¹⁵ Elliot Lucinda March 22nd, 2018 The Times: ***Scandal Claims Peru’s President*** <https://www.thetimes.co.uk/article/scandal-claims-peru-s-president-d7wsb9txq> Accessed: August 13th, 2018

¹⁶ January 2018 Protest in Peru: Getty Images: <https://www.gettyimages.com/detail/news-photo/demonstrators-march-during-a-protest-against-the-pardon-news-photo/904002946#/demonstrators-march-during-a-protest-against-the-pardon-granted-by-picture-id904002946>

LEGAL PROCEEDINGS & CHANGES TO THE LAW

The legal proceedings section will look at three (3) different timespans of legal proceedings over the alleged bribes of Odebrecht. The first area will be prior to December 2016. The second area examined will be December 2016-August 2018 and the last area examined will project pending cases and additional investigations still ongoing yet to be officially and formally decided. Looking at these three time frames it will help to determine what Peru was doing before the information surfaced in US court, what has happened since the discovery and the future predictions can be referenced in the future gaging accuracy methods of predictions.

Prior to December 2016: There were a few grumblings and investigations into the alleged bribes, but they weren't taken seriously within Peru. While major investigations were underway in Brazil, it was initially viewed as a Brazilian, NOT Peruvian problem/issue. Bribes were also a part of the Peruvian political culture, so there had to more to a bribe than just a bribe.

December 2016-August 2018: While laundering money had been expected within the United States and people were still under investigation in Brazil, no one expected what would be revealed in the December 21st, 2016 *United States District Court of the Eastern District of New York & the United States of America V Odebrecht S.A Plea Agreement: CR NO 16-643 (RJD)* in which according to the agreement, there were numerous other countries that Odebrecht was bribing. The US Court document revealed \$436.9 Million USD in bribery payments by Odebrecht officials to politicians of other countries. The amount excludes Brazil and the US.

COUNTRY:	BRIBE AMOUNT USD:
Angola:	\$50 Mil
Argentina:	\$35 Mil
Colombia:	\$11 Mil
Dominican Republic:	\$92 Mil
Ecuador:	\$33.5 Mil
Guatemala:	\$18 Mil
Mexico:	\$10.5 Mil
Mozambique:	\$900K
Panama:	\$59 Mil
Peru:	\$29 Mil
Venezuela:	\$98 Mil
TOTAL:	\$436.9 Mil

Between the Odebrecht revelation in US Federal Court and the leaking of the Panama Papers in 2016¹⁷ this triggered legal actions and investigations within Peru that followed to try to combat some of the corruption within Peru. Two months later President Toledo was formally charged and he fled prosecution by going to the United States where he is a visiting scholar at Stanford University. As the Mueller Probe¹⁸ (Reuters) would shake up US, the Odebrecht bribery scandal in Peru would cause chaos on Peruvian politics. The most common form of the bribes took place via bankability amendments after the contract was awarded.¹⁹ (Mori Natalia NYU Journal of Legislation & Public Policy) Odebrecht would initially pay low amounts of untraceable cash up front to learn what others were bidding. They would then put a lower bid on. Upon the contract being signed, the offshore companies set up as shell companies would be added as third party contractors for “**routine**” construction cost of additions that were already covered under the initial contract. The bribe money in a legal contract that had no checks on the construction site, would then be paid to the corrupt officials before being transferred around

¹⁷ Conway Richard [bbc.com](https://www.bbc.com) April 3rd, 2016: ***Panama Papers: Fifa Ethics Lawyer Juan Pedro Damiani Under Internal Investigation*** <https://www.bbc.com/sport/football/35954640> Accessed: August 13th, 2018

¹⁸ Staff Reuters [reuters.com](https://www.reuters.com) April 10th, 2018 ***Timeline of Mueller Probe of Trump Campaign and Russia*** <https://www.reuters.com/article/us-usa-trump-russia-timeline/timeline-of-mueller-probe-of-trump-campaign-and-russia-idUSKBN1HH395> Accessed: August 13th, 2018

¹⁹ Mori Natalia NYU Journal of Legislation & Public Policy: June 4th, 2018: ***Operation Car Wash and Its Impact in Peru*** <http://www.nyuilpp.org/quorum/operation-car-wash-and-its-impact-in-peru/> Accessed: August 13th, 2018

multiple shell companies and brought back to the official to make the money paid and the politician receiving the cash appear/look innocent on all sides.

After learning of this, having corruption during Fujimori and then 3 previous Peruvian Presidents (Toledo, Humala & Kuczynski) wrapped up in Operation Car Wash for Peru's involvement, the Peruvian government via two (2) laws (30225 & 30737), Legislative Decree 1224 & Supreme Decree No 068-2017 moved to ban bankability amendments for the first 3 years under any government infrastructure work project as an attempt to disincentivize bribes within Peru. Where Peru stands today, is one former Peruvian President at large evading justice, 1 former President and first lady facing trial and another was forced to resign while Fujimori has gotten his freedom. There are massive protests across Peru and Odebrecht is now complaining to the Brazilian government about unfair and biased treatment from Peruvian authorities during the investigation.²⁰ Four businessmen are serving an 18 month sentence in Peruvian prisons while the number is expected to rise. Figure heads and operators alike are starting to fear that they might be next in this investigation.

Predictions Going Forward: At this point its clear that bribes took place and many people will eventually go to jail or flee Peru in an attempt to escape justice. However the question remains which specific individuals will end up in jail, which ones will remain uncharged legally speaking, who will survive to continue being a player in Peruvian politics and which ones will flee to escape justice and avoid extradition? These are questions that the Peruvian Politicians, the Peruvian Justice System and time will eventually tell/answer and reveal.

²⁰ Staff Reuters: reuters.com July 4th, 2018: ***Odebrecht Probe Hits Hurdle in Peru as Company Demands Guarantees: Sources*** <https://www.reuters.com/article/us-peru-odebrecht/odebrecht-probe-hits-hurdle-in-peru-as-company-demands-guarantees-sources-idUSKBN1JU2XD> Accessed: August 13th, 2018

\$\$ DEFENSE OF THE BRIBES \$\$

Referring back to the Peruvian saying “**He steals, but delivers**” one could say this for both Odebrecht operations in Peru and the politicians enabling them. Remembering the road built between Puerto Maldonado and Infierno Peru ²¹(personal experience recount), that was a government contract and not part of Odebrecht funds for the actual project were given to. While drivable, it is still an adventure rough road. Using this metaphor, the traditional Peruvian way verse the Odebrecht way will be used to compare both the short and long term advantages/disadvantages to the methods, while the bribes might have actually accomplished the infrastructure goals that would bring tremendous benefits to across Peru while connecting the rest of the country to Lima.

Lima Subway: While the bribes might have been \$3 Million USD, the project for the subway itself started back in the 1980’s and was put on hold with infrastructure still being idle. Given the slowness of the bureaucracy in Peru and common waste on projects, the space goes from being incomplete to complete once Odebrecht takes over the project. On average 315,000 Limans or 110 Million people a year now use the Subway in Lima cutting off commute time and funds for the project are being recovered via ticket sales.²² In addition with 315 people a day using less busses and taxis, it is helping to reduce Lima’s carbon footprint helping to save

²¹ On July 27th, 2018 I was in Peru taking a bus with a group from Puerto Maldonado to Infierno. While on the bus, the tour guide of the Ese Eja indigenous community gave a story about the building of the road. While beneficial, it quickly started to go into disrepair and instead of being paved for two lanes, it is more like one lane in the middle with people pulling over to unpaved areas to avoid head on collisions. It was improperly built because the bribe money was going to political support instead of the rules. To refinish it properly now, would be 3 times as much as the original road.

²² CAF.com Development Bank of Latin America: July 15th, 2016: ***Lima Metro: a Comprehensive Solution to the Problems of Urban Mobility*** <https://www.caf.com/en/currently/news/2016/07/lima-metro-a-comprehensive-solution-to-the-problems-of-urban-mobility/?parent=16108> Accessed: August 13th, 2018

the environment.²³ The line 2 expansion will help even more. Had Odebrecht and its elaborate infrastructure network not gotten the project, it's highly probable that the subway wouldn't be up and running let alone complete today.

Interoceanic Highway: Odebrecht was the major player in Brazil and had the infrastructure capabilities to streamline the road across Peru while having Chinese financial support. It made travel between the two (2) countries easier. In addition it overlaps a section of the Pan American Highway which puts Peru as a central transportation hub all across Latin America. Being a central transport hub allows the Peruvian government to increase revenue via



24



25

Peruvian government sales tax on gasoline while creating a line of jobs available along the highway from auto repair, hotels and shops surfaced. It's a major benefit for Peru and will help Peru transition in the future to be a major power house economic player in South America given Venezuela's collapse, Brazil's chaos/declining economy and all ground transport being able to go anywhere in Latin America from Peru. With the road infrastructure built, Peru has a chance to

²³ Lefevre Benoit World Resources Institute: December 12th, 2014: ***Peru's Climate Leaders Awarded Over \$11 Million for Low-Carbon Urban Transport*** <http://www.wri.org/blog/2014/12/peru%E2%80%99s-climate-leaders-awarded-over-11-million-low-carbon-urban-transport> Accessed: August 13th, 2018

²⁴ Clifton Wilkinson Lonely Planet ***The Pan-American Highway: Join us on the Ultimate Road Trip*** Map Photo of Pan American Highway accessed on August 13th, 2018

²⁵ Kass, Stephen L Image of Interoceanic Highway Route obtained from <https://guides.lib.ku.edu/c.php?g=95227&p=618671> Accessed: August 13th, 2018

be the next economic powerhouse in Latin America thanks to the project completion of Odebrecht getting the contract via bribes.

Olmos Irrigation: Odebrecht had the infrastructure capability to complete the project and by doing so it expanded crop growing capabilities. In doing so it created 3,000 direct jobs & at a conservative estimate created an additional 30,000 jobs for Peruvians.²⁶ (Odebrecht) By creating these above board legitimate jobs, the food supply across the country was complete while people formally working in the private informal economic sector were coming over to the legitimate jobs and becoming formal tax payers. The expertise and resources for the reservoir to create the irrigation along with available man power belonged to Odebrecht.

Chaglla Hydro Electric Plant: This is Peru's 3rd largest power plant in which construction was started in 2011 and completed in 2016. The plant itself is 462 MW while producing 2.8 GW a year of electricity and reduces Peru's carbon footprint by 467,000t of CO2 emissions each year.²⁷ It also expanded electricity access multiple towns. \$150 Million USD of the project was provided by the Inter-American Development Bank (IDB). Without the completion of this plant, Peru would have electricity problems and be less energy independent which is valuable given the instability in Brazil and decaying uncared for infrastructure in Venezuela.

²⁶ Odebrecht June 20th, 2016: ***Olmos Project Completes 18 Months with Over 10,000 Hectares Irrigated*** <https://www.odebrecht.com/en/communication/news/olmos-project-completes-18-months-over-10000-hectares-irrigated> Accessed: August 13th, 2018

²⁷ Power-technology.com <https://www.power-technology.com/projects/chaglla-hydroelectric-power-plant/> Accessed: August 13th, 2018

FINDINGS

FINDINGS: The following are the findings of this research paper: 1: Peru has a history, culture and tolerance of political corruption.

2: Since Odebrecht admitted to \$29 Million USD in bribes to Peru during a plea agreement, an additional \$4.302 Million USD in bribes within Peru has been discovered/alleged in relation to Operation Car Wash.

3: As a result of impeachment attempts against Kuczynski in Peru, Fujimori got out of prison.

4: Odebrecht is behind the completion of seven (7) major infrastructure projects in Peru and numerous small ones.

5: 4 Odebrecht officials have been sentenced to 18 months in prison.

6: Three (3) Peruvian Presidents between 2004 and 2018 have been accused of wrong doing in Operation Car Wash over alleged wrong doing in bribery scandals.

7: Odebrecht is complaining to Brazilian authorities about their treatment from Peruvian Authorities and the Brazilian government has stopped sharing investigative information beyond court public records.

8: Peru has increased regulation and oversight on bankability amendments for all public infrastructure projects.

9: The 7 major Odebrecht projects in Peru have benefited Peru in some way either short term or long term. However on some of those projects, there was short term or long term pain despite the benefit on the other side.

10: Peru's population is now upset and an anti-corruption wave is sweeping across Peru.

WORKS CITED

BLOGS (1): Vergara Ana: London School of Economics and Political Science: Psychological and Behavioral Science Blog: “He steals, but delivers”: tolerance to corruption in Lima, Peru August 22nd, 2017: Accessed Wed August 1st, 2018 from: <http://blogs.lse.ac.uk/latamcaribbean/2017/08/22/he-steals-but-delivers-tolerance-to-corruption-in-lima-peru/>

Explanation of Source: This source gives great historical insight and background to the mindset of Peruvians when dealing with corruption. It also recites history of corruption within Peru.

BOOK REFERENCENECES (2): 1: Green James, Skidmore Thomas & Smith Peter: *Modern Latin America 7th Edition* Pages 163-173: Oxford University Press: ISBN# 978-019-5375701 Obtained from Personal Copy.

Explanation of Source: This source looks at the political history of Peru while examining a few policies. This allows one to look at a historical context of policies to determine if structure is at play in making it easier/harder for individuals to participate in individualized/systematic corruption. It also provides historical context and understanding.

2: Rodriguez Hernandez: Splendors of Latin Cinema Pages 182-185: ABC CLIO: ISBN# 978-0313-349775. Obtained from Personal Copy.

Explanation of Source: This portion of the book examines the Peruvian film industry. It also looks at politically motivated films and bribes/incentives by the Peruvian government to different film makers for pushing agendas/corruptions in addition to looking at film makers trying to expose corruption.

CLASS MATERIALS (1): Dr. Kenney: 2018 10 Corruption Peru.pdf IAS 3940: Journey to Peru: Summer 2018. Obtained from Canvas Files on August 1st, 2018

Explanation of Source: This is a great starting point for exploring corruption in Peru as an overall general source. In addition the specific slide mentioned details payment to certain Peruvian politicians in the scandal.

COURT DOCUMENTS (1): United States District Court of the Eastern District of New York & the United States of America V Odebrecht S.A Plea Agreement: CR NO 16-643 (RJD): December 21st, 2016: Accessed on Wednesday August 1st, 2018 from the US Justice Department Archives: <https://www.justice.gov/criminal-fraud/file/920101/download>

Explanation of Source: This detailed 74 page plea document gives great insight as to how Brazilian Company Odebrecht funneled money around and who paid it. In addition it proves foreign money and influence in Peruvian political decision making for infrastructure projects.

INVESTIGATIVE RPORTS (1): Gibson Dunn: *Key 2017 Developments in Latin American Anti-Corruption Enforcement* March 15th, 2018 p 12-14
<https://www.gibsondunn.com/wp-content/uploads/2018/03/key-2017-developments-in-latin-american-anti-corruption-enforcement.pdf> Accessed: August 11th, 2018

Explanation of Source: This takes a detailed look at Peru legal reform measures and court cases while giving a brief summary on the mentioned pages. It also doesn't match with the main stream source accounts and adds diversity to the sources available for this picture.

NEWS SOURCES (14): 1: CAF.com Development Bank of Latin America: July 15th, 2016: *Lima Metro: a Comprehensive Solution to the Problems of Urban Mobility*
<https://www.caf.com/en/currently/news/2016/07/lima-metro-a-comprehensive-solution-to-the-problems-of-urban-mobility/?parent=16108> Accessed: August 13th, 2018

Explanation of Source: This source explains the Lima metro system and its history. Since its one of the alleged projects that Odebrecht bribed for, its important to understand how the subway came about and the benefits it provides.

2: Conway Richard bbc.com April 3rd, 2016: *Panama Papers: Fifa Ethics Lawyer Juan Pedro Damiani Under Internal Investigation* <https://www.bbc.com/sport/football/35954640>
Accessed: August 13th, 2018

Explanation of Source: At one point in the paper, a reference is made to the Panama Papers. This source helps with explaining the Panama Papers so the similarities can be understood.

3: DW Made for Minds: Feb 8th, 2017: *Peru Prosecutors Seek Arrest of Former President Toledo on Corruption Charges* <https://www.dw.com/en/peru-prosecutors-seek-arrest-of-former-president-toledo-on-corruption-charges/a-37450807> Accessed August 13th, 2018

Explanation of Source: This source goes into detail on the arrest proceedings of Toledo. In addition it talks about the warrants and pretrial detention.

4: Elliot Lucinda March 22nd, 2018 The Times: *Scandal Claims Peru's President*
<https://www.thetimes.co.uk/article/scandal-claims-peru-s-president-d7wsb9txq> Accessed: August 13th, 2018

Explanation of Source: This covers the events that led up to the resignation of President Kuczynski. It also covers his televised resignation speech.

5: July 14th, 2017 BBC News: ***Peru Ex-President Ollanta Humala and Wife put in Pre-Trial Detention*** <https://www.bbc.com/news/world-latin-america-40605823> Accessed August 13th, 2018

Explanation of Source: This is the BBC account of pretrial detention on Humala and his wife. It also shows how the judge views them as a flight risk.

6: Lefevre Benoit World Resources Institute: December 12th, 2014: Peru's Climate Leaders Awarded Over \$11 Million for Low-Carbon Urban Transport <http://www.wri.org/blog/2014/12/peru%E2%80%99s-climate-leaders-awarded-over-11-million-low-carbon-urban-transport> Accessed: August 13th, 2018

Explanation of Source: This talks about Lima moving toward being environmentally friendly. It also talks about a grant they got as a result of the Subway being completed.

7: Maria I. Court and Rosemarie Lerner The Guardian: Feb 2017 Video: <https://www.theguardian.com/world/ng-interactive/2017/feb/10/quipu-the-phone-line-calling-for-justice-in-peru-video> Accessed: August 10th, 2018

Explanation of Source: This video gives examples of Quipu a group trying to seek justice for sterilized and castrated people across Peru. It also helps establish corruption levels across Peru as well.

8: Odebrecht June 20th, 2016: ***Olmos Project Completes 18 Months with Over 10,000 Hectares Irrigated*** <https://www.odebrecht.com/en/communication/news/olmos-project-completes-18-months-over-10000-hectares-irrigated> Accessed: August 13th, 2018

Explanation of Source: Prior to the investigations leading to any results against Odebrecht, this is an Odebrecht press release announcing the completion of the Olmos Project. In addition it shows the economic benefits beyond the bribes.

9: Power-technology.com <https://www.power-technology.com/projects/chaglla-hydroelectric-power-plant/> Accessed: August 13th, 2018

Explanation of Source: This source details the power plant built by Odebrecht. It focuses on capabilities and infrastructure while showing improvements to Peru's Electric grid.

10: Rochabrún Marcelo January 5th, 2018 New York Times: <https://www.nytimes.com/2018/01/05/world/americas/peru-fujimori-released-hospital.html> Accessed 8/10/2018

Explanation of Source: This source details the December 2017 deal made by President Kuczynski with Fujimori supporters to get Fujimori out of prison. It also shows and talks about when Fujimori was actually released.

11: Romero Simon: August 31st, 2016: New York Times: *Dilma Rousseff Is Ousted as Brazil's President in Impeachment Vote* <https://www.nytimes.com/2016/09/01/world/americas/brazil-dilma-rousseff-impeached-removed-president.html> Accessed: August 10th, 2018

Explanation of Source: When a reference is made to the political chaos of Peru, this article about Brazil is for comparison purposes. Also since Operation Car Wash originated in Brazil, its interesting to compare the effects in Brazil verse Peru.

12: Staff Reuters reuters.com April 10th, 2018 ***Timeline of Mueller Probe of Trump Campaign and Russia*** <https://www.reuters.com/article/us-usa-trump-russia-timeline/timeline-of-mueller-probe-of-trump-campaign-and-russia-idUSKBN1HH395> Accessed: August 13th, 2018

Explanation of Source: When a reference is made to the attorney general and prosecutors in Peru going after those involved in corruption for collusion on projects of bribes with foreign officials, a comparative remark is made to the Mueller Probe. For people reading this paper unfamiliar with the Mueller Probe, it gives them a brief overview and for people reading about Operation Car Wash in Peru for the first time it gives them comparison Analysis to better understand.

13: Staff Reuters: reuters.com July 4th, 2018: ***Odebrecht Probe Hits Hurdle in Peru as Company Demands Guarantees: Sources*** <https://www.reuters.com/article/us-peru-odebrecht/odebrecht-probe-hits-hurdle-in-peru-as-company-demands-guarantees-sources-idUSKBN1JU2XD> Accessed: August 13th, 2018

Explanation of Source: This article documents the Odebrecht side of the story in Peru claiming that they are unfairly targeted and discriminated against. In addition Brazil in response stops cooperating with Peru according to this specific article.

14: Telesur December 4th, 2017: ***4 Peruvian Businessmen Sentenced to 18 Months in Odebrecht Case*** Accessed August 13th, 2018

Explanation of Source: This details some of the first convictions in Peru where people giving the bribes on behalf of the country actually went to jail. It also shows momentum for anti-corruption within Peru which is significant given its history for tolerance of corruption.

SCHOLARLY JOURNALS (5): 1: Mori Natalia NYU Journal of Legislation & Public Policy: June 4th, 2018: ***Operation Car Wash and Its Impact in Peru*** <http://www.nyujlpp.org/quorum/operation-car-wash-and-its-impact-in-peru/> Accessed: August 13th, 2018

Explanation of Source: This journal details what took place with Operation Car Wash and provides the laws that were changed. It also takes a lot of drama out from the news sources and presents the corruption in a matter of fact manner.

2: Pozsgai-Alvarez, J., (2018). The Political Cycle of Fighting Corruption: Peru's Experience with its First National Anti-Corruption Commission. *Stability: International Journal of Security and Development*. Accessed on Wednesday August 1st, 2018 from: <http://doi.org/10.5334/sta.600>

Explanation of Source: This source was published on June 28th, 2018 and is very recent and up to date on corruption levels and culture within Peru. It helps to gauge the climate and culture within Peru that led to the \$27 million in bribes by a Brazilian company for public infrastructure projects.

3: Tanzi Vito: April 2017: ***Corruption, Complexity and Tax Evasion*** Pages 7-12 "Tax and Corruption Symposium" at the UNSW Business School, Sydney April 19th-20th, 2017. Obtained on Wednesday August 1st, 2018 from https://www.business.unsw.edu.au/About-Site/Schools-Site/Taxation-Business-Law-Site/Documents/Wednesday_AM_Vito_Tanzi.pdf

Explanation of Source: This source looks at structures in the government for control and policing methods of its employees. It looks at things such as pay, culture, break, quotas, mission and rules in place. Specifically this source examines that in Peruvian bureaucracy which can create insight to the complex web of Operation Car Wash and how it led to at least \$29 Million USD worth of bribers in Peru.

4: Vergara Ana: London School of Economics and Political Science: Psychological and Behavioral Science Blog: "He steals, but delivers": tolerance to corruption in Lima, Peru August 22nd, 2017: Accessed Wed August 1st, 2018 from: <http://blogs.lse.ac.uk/latamcaribbean/2017/08/22/he-steals-but-delivers-tolerance-to-corruption-in-lima-peru/>

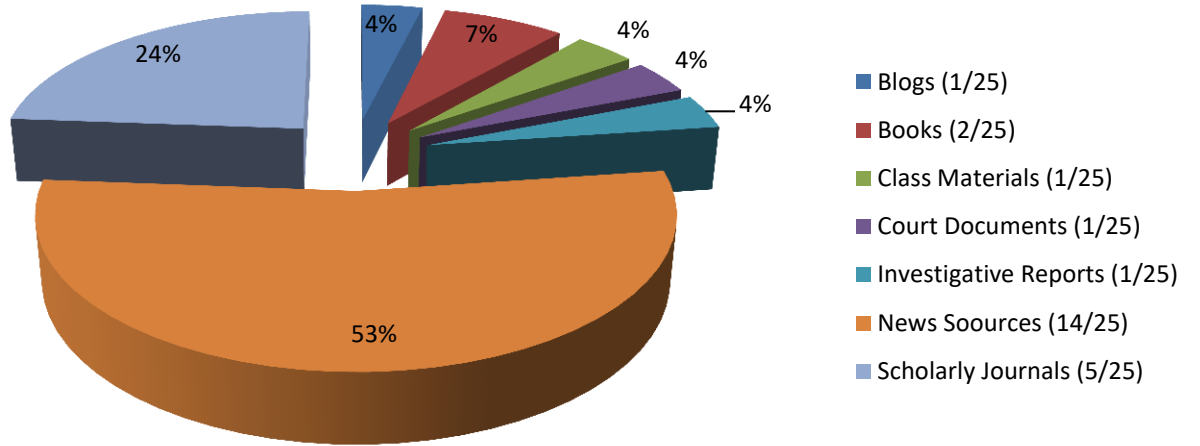
Explanation of Source: This is fascinating on the corruption levels within Peru while being a wealth of secondary information sources.

5: Zoido Pablo & McMillan John: *Journal of Economic Perspectives*: Fall 2004 ***How to Subvert Democracy: Montesinos in Peru*** Page 69 Accessed: August 10th, 2018 from <http://pricetheory.uchicago.edu/levitt/Papers/McMillanZoido2004.pdf> **"In the course of exercising power, Montesinos methodically bribed judges, politicians, and the news media. Montesinos kept meticulous records of his transactions. He required those he bribed to sign contracts detailing their obligations to him. He demanded written receipts for the bribes. Strikingly, he had his illicit negotiations videotaped."**

Explanation of Source: This looks at the democratic methods and holes for corruption within the system. It also examines the economic picture of Peru, pre and post projects in addition to pre and post discovery of the bribes.

TOTAL SOURCES OF WRITTEN WORKS: 25

Source % Content



PICTURE REFERENCES

- 1: Top of Cover Page: Brazil & Peru Shaking Hands while Expanding Trade:
<http://en.mercopress.com/2013/11/12/brazil-and-peru-seal-strong-integration-and-cooperation-alliance>
- 2: Bottom of Cover Page: Car Wash with Money in it: Anticorruption Digest: August 2nd, 2018:
<https://anticorruptiondigest.com/anti-corruption-news/2018/08/02/prosecutor-generals-office-establishes-terms-for-use-of-plea-bargain-agreements-in-scope-of-operation-car-wash-in-argentina-investigations/#axzz5O7OEXHEr>
- 3: Signatures of US Plea Agreement on Page 4 of this Report: Actual print and scan of the document: <https://www.justice.gov/criminal-fraud/file/920101/download>
- 4: Kenji Fujimori Reunited with Son on page 6 of this report: Official Twitter Page: January 4th, 2018: <https://twitter.com/KenjiFujimoriH/status/949113083808673793>
- 5: Peru Gate Keeper Bribery Chart on page 8 of this report: Dr. Kenney: 2018 10 Corruption Peru.pdf IAS 3940: Journey to Peru: Summer 2018. Obtained from Canvas Files on August 1st, 2018
- 6: January 2018 Protest in Peru on page 9 of this report: Getty Images:
<https://www.gettyimages.com/detail/news-photo/demonstrators-march-during-a-protest-against-the-pardon-news-photo/904002946#/demonstrators-march-during-a-protest-against-the-pardon-granted-by-picture-id904002946>
- 7: Pan American Highway Map on Page 14 of this report: Clifton Wilkinson Lonely Planet ***The Pan-American Highway: Join us on the Ultimate Road Trip*** Map Photo of Pan American Highway accessed on August 13th, 2018
- 8: Interoceanic Highway Map on Page 14 of this report: Kass, Stephen L Image of Interoceanic Highway Route obtained from <https://guides.lib.ku.edu/c.php?g=95227&p=618671>