

ALERTS

Peru's President Resigns Amid Corruption Scandal

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On March 21, 2018, after less than two years in office, Peruvian President Pedro Pablo Kuczynski announced his resignation amid a corruption scandal involving Latin America's largest construction firm, Odebrecht. Kuczynski has been accused of receiving a variety of illicit payments from Odebrecht including \$782,000 his consulting firm allegedly received a decade ago and \$4 million he is alleged of personally receiving from the construction giant.

Odebrecht is alleged to have spread a wide swath of corrupt payments to politicians throughout South America, shelling out approximately \$800 million in bribes over the past two decades to obtain preferential treatment in government infrastructure contracting. These payments have reached the pockets of politicians in multiple countries, including Peru, Venezuela, Columbia and Argentina.

A [Time magazine article](#) covered the resignation and a Peruvian lawyer, Oscar Mendoza, is quoted as saying "The only public institution with moral authority left in Peru is the fire department."

The resignation of President Kuczynski is yet another example of the rampant corruption that has permeated many South American countries in recent years. With corruption investigations resulting from Odebrecht illicit payments throughout the continent to Operation Car Wash and over \$2.1 billion (USD) in bribes admitted by the Brazilian national petroleum company, Petrobras, government officials have exhibited no reluctance to participate in graft. Companies operating in South America must be mindful of the political/corruption landscape in which they are doing business. It is best practice for compliance initiatives to be updated, audited and monitored on a regular basis to address the heightened level of risk exposure faced in such an environment.

For more information, please contact the Barnes & Thornburg lawyer with whom you work or contact George Horn at george.horn@btlaw.com or 574-237-1189 or Tabitha Meier at tabitha.meier@btlaw.com or 317-231-7326.

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