

# The ACR Brief

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## DOJ's PDVSA Investigation Continues to Unfold

Sixteen of the 21 individuals charged in the extensive PDVSA bribery case have now pleaded guilty. On May 29, 2019, Jose Manuel Gonzalez Testino (Gonzalez), a dual U.S.-Venezuelan citizen who controlled multiple U.S. companies that provided goods and services to Venezuelan state-owned oil company PDVSA, became the latest when he [admitted](#) to paying bribes to PDVSA officials, including officials based in Houston and employed by PDVSA's Texas-based subsidiary, Citgo Petroleum Corporation (Citgo).

The facts underlying Gonzalez' guilty plea describe run-of-the-mill corruption. The bribes and gifts were given to the officials, including the former general manager of PDVSA's procurement subsidiary and officials in Citgo's "Special Projects Group," in exchange for the receipt of contracts for new business and inside information about the PDVSA bidding process. The officials also helped to conceal the fact that Gonzalez was in control of multiple companies that were participating in bids for PDVSA projects and assisted Gonzalez with obtaining payment for outstanding invoices.

Recently, we published a two-part guest article series written by Ropes & Gray's Nicholas Berg, María González Calvet, Natalia Mercado Violand and Mark de Barros that examined the PDVSA scandal in detail. In their [first article](#), the Ropes team examined the United States multi-prong PDVSA enforcement strategy, detailing how the DOJ, OFAC and FinCEN have all been working to target corruption in the region. The Government's recent efforts, they warned, may be just the beginning of an even more active phase of the PDVSA investigation. Ropes' [second article](#) takes a deep dive on how international cooperation is affecting the PDVSA investigation.

Mega-corruption scandals like the PDVSA scandal present unique compliance conundrums. In a [guest article](#) about the unfolding Notebooks Scandal, Jonathan Drimmer, who was then the deputy general counsel at Barrick Gold and now a partner at Paul Hastings, and Argentinian attorney Guillermo Jorge, a partner at Bruchou, Fernandez Madero & Lombardi, shared tips for managing the repercussions of a scandal while continuing to operate in the region. They further expounded on their thoughts during our [webinar](#) on the same topic.

Are you following the multiple developing mega-scandals? What precautionary measures are you taking or advising your clients to take?

Warmly,

Nicole Di Schino