

Brazil's Latest Scandal: Bribes, Acid and Tainted Meat Exports

by Gerson Freitas Jr , Tatiana Freitas , and Fabiana Batista – March 17, 2017

Brazilians are used to scandal and allegations of corruption, but the latest headline-grabbing police investigation has the country entering new levels that are both stomach-turning and slightly surreal.

Federal authorities announced Friday they're investigating evidence that companies including JBS SA and BRF SA, the nation's largest meat producers, **bribed** government officials to approve the sale and export of **rotten** meat. Federal police served hundreds of court orders, including more than 30 detention warrants, in what local media says is the largest police operation in the country's history.

Police released transcripts of recorded conversations showing how agricultural inspectors were bribed, sometimes in the form of prime cuts of beef. It's alleged that some of the meat, including sausages and cold cuts, was adulterated with ingredients including pig heads, and that suspect smells were masked by applying acid. Inspectors who refused to **comply**, it's alleged, were reassigned elsewhere by the meat companies.

"It seems like magic realism," Marcos Josegrei da Silva, the judge responsible for **overseeing** the so-called Weak Flesh investigation, said in a court order. "Unfortunately, it is not."

Some of the **tainted** meat was sold as school meals and to retail chains including Wal-Mart Stores Inc., according to police and Brazil's Federal Revenue agency. Some was exported – police allege three BRF cargoes tainted with salmonella are still en route to Europe.

Wal-Mart said in a statement it has requested explanations from the suppliers cited by the police and that its internal procedures on food safety are **reliable**.

Brazil's Agriculture Ministry said that while the scandal revealed isolated cases, it may harm the country's reputation in global trade. Eumar Novacki, a secretary at the ministry, told journalists in Brasilia that repercussions of the case were "concerning" as some importers may question Brazil's food security system. The country is the world's largest beef and chicken exporter, accounting for almost a fifth of global exports.

Sao Paulo-based JBS said in a statement it "vehemently repudiates" claims it sold **spoiled** food. While the company denied its executives were targeted by court orders, it confirmed three of its **plants** were included in Friday's probe. BRF said in a statement it **abides by** all regulations and that it's cooperating with authorities. It didn't comment on the allegations of salmonella-tainted exports to Europe.

News on the Weak Flesh investigation, and any potential repercussion in business, come at a particularly bad time for the companies. JBS is trying to sell shares in the U.S. and expand in what is proving to be its most lucrative market, while BRF is **pursuing** a sale of shares in its halal unit -- a plan that was already in doubt after the company posted a record quarterly loss.

JBS slumped 11 percent and BRF 7.3 percent at the close in Sao Paulo, the worst performers on Brazil's benchmark stock index.