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- *The Batista family founded and controls meatpacker JBS, which expanded globally via acquisitions with strong financial support from BNDES and other government entities. J&F Investimentos, through which the family holds JBS, also owns Banco Original, cosmetics and cleaning products maker Flora and TV channel Canal Rural.*
- *After admitting to bribing officials in exchange for financing and other benefits, J&F executives including Wesley and Joesley Batista signed plea bargains and the company obtained a leniency agreement in 2017. However, the deals may be revoked due to revelations of additional offenses. J&F executives' testimony implicated politicians including Brazil's president, as well as government bank officials.*
- *Wesley and Joesley were jailed from September 2017 until February and March 2018, respectively. They are barred from positions at group companies and may face prison terms. Second-largest shareholder BNDES has pushed to remove the family from management.*

INTRODUCTION

As the Batista family built JBS into Brazil's and then the world's largest beef producer, it sold investors and the media a folksy story of butchers turned tycoons through slaughterhouse skills and acquisitional acumen. But corruption investigations have revealed that the family's defining talent was cultivating and often bribing officials—in exchange for financing, tax breaks, lax inspection and other benefits—and it is now struggling to retain management control and avoid prison. Brothers Wesley and Joesley, the group's leaders during JBS' rapid global expansion, signed plea bargains in May 2017, and family holding company J&F Investimentos reached a leniency agreement calling for BRL 10.3bn in fines after its executives admitted to massive corruption (one executive detailed mostly illegal political contributions to over 1800 candidates). However, the amnesties may be short-lived, as revelations of undisclosed offenses threaten to render the agreements void and allow new prosecutions (see Timeline and Risk Factors).

The family's holdings have already shrunk considerably. In 2017, J&F sold Eldorado Brasil Celulose to Paper Excellence (controlled by Indonesia's Widjaja family) for BRL 1.5bn, Alpargatas to a group of Brazilian investors led by the Moreira Salles family for BRL 3.5bn and Vigor Alimentos to Mexico's Grupo Lala for BRL 1.1bn. JBS has divested Latin American units and its Five Rivers US feedlot business, and shelved plans for a US IPO.

The Batistas' grip on JBS management is increasingly strained. With Wesley and Joesley barred from group companies, the family installed elderly founder José Batista Sobrinho as CEO in September 2017. This prompted criticism from BNDES, which is JBS' second-largest shareholder and wants the family removed from decision-making roles. The Batistas have paid the bank little heed, even though the family holds only a 41.9% stake and relies on a shareholders' agreement with BNDES to control JBS. Two third-generation members in their 20s were appointed to the board in 2017. Holding-company ownership has also been revised, with all the family's J&F shares now held by Wesley and Joesley. Eldest brother José Batista Jr, who ran JBS from the 1980s until 2005, controls his own meat-focused group and has little formal involvement with JBS.

Despite the turmoil, JBS has so far averted financial difficulty, and the family's ownership has not been seriously challenged. Leverage was 3.42x in 3Q17, down from 4.16x in 2Q17. JBS had 3Q17 net revenue of BRL 41bn, unchanged from 3Q16, and EBITDA of BRL 4.3bn, up 37% from 3Q16. The US, UK, Canada and Australia accounted for 75% of net revenue in 3Q17. JBS has nine USD bonds with USD 6.8bn outstanding, and one GBP bond with GBP 66m outstanding. The bonds trade between 94 and 103.

SHAREHOLDER-RELATED RISK (see Risk Factors for details)

Succession Risk Transfer of wealth and control	High	JBS was led by Wesley and Joesley Batista from 2007 until 2017, but they have been removed from management amid criminal investigations. JBS founder José Batista Sobrinho, who is in his 80s, returned as CEO in 2017. Two third-generation family members are on the board, but are in their 20s and have limited senior-level experience.
Political Risk Political exposure and government relations	High	JBS was Brazil's top campaign donor in recent elections. The family has admitted to bribery of government officials and state-owned bank executives. JBS executives' plea bargains have implicated numerous senior politicians including the president, as well as federal judges and prosecutors.
Legal & Regulatory Risk Lawsuits and regulation	High	Joesley and Wesley Batista signed plea bargains admitting to bribery but have since been accused of failing to reveal the full extent of illegal activities. If their plea deals are revoked, they could face more criminal charges. JBS is the target of numerous investigations, and has also faced scrutiny from anti-trust and labor regulators in Brazil and the US.
Transparency Risk Structures of ownership and control	Moderate	The family was accused of controlling J&F holding company Blessed Holdings via proxies, and acknowledged its ownership in 2017 only after evidence was found in personal tax returns.
Governance Risk Corporate governance	Moderate	Joesley and Wesley Batista have been charged with insider trading of JBS shares prior to the announcement of their plea deals. Tax authorities found that JBS' 2009 acquisition of Bertin involved mispricing of shares and use of an illegal structure.
Expansion Risk Growth and diversification	Moderate	The group sold several non-core assets in 2017, but still owns numerous companies unrelated to its main business.
Credit History Risk Shareholder history and reputation	Moderate	The family's companies do not have a history of default. However, revelations of habitual illegal and opportunistic behavior suggest that a debt restructuring could be contentious.

Ratings indicate the probability of business disruption or investment loss. High: over 50% or already occurring; Low: not of concern in the foreseeable future

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TIMELINE: 1950-2015

1950s-1960s José Batista Sobrinho establishes Casa de Carne Mineira, a butcher shop in Anápolis, Goiás state, as well as a small slaughterhouse. He later acquires another slaughterhouse in Goiás state, near Brasília, where the country's new capital is being built, and begins supplying to butchers in the region. During this period, the government provides tax incentives to attract companies to the region. In the 1960s, Batista renames his company Friboi Ltda and acquires another slaughterhouse in Goiás state.

1980s José Batista Sobrinho's eldest son, José Batista Júnior, takes over management. Under his leadership, Friboi expands nationally. The group founds cosmetics and cleaning products manufacturer Flora.

1997 With financing from BNDES, Friboi acquires a slaughterhouse in Barra dos Garças, Mato Grosso state, from Sadia SA. Friboi and the Bertin group form BF Alimentos Ltda. Friboi begins exports to Europe.

1999 With financing from BNDES, Friboi acquires slaughterhouse Mouran in Andradina, São Paulo state from Sadia, and begins exporting chilled and frozen meat.

2001 Friboi acquires several slaughterhouses, partly financed by a USD 30m loan from BNDES, increasing annual production by 72%. BF Alimentos acquires a slaughterhouse in Três Rios, Rio de Janeiro.

2004 Friboi moves its headquarters from Mato Grosso do Sul to São Paulo.

2005 The company is renamed JBS Ltda. José Batista Júnior steps down from management but remains on the board. Via JBS Holding International Ltda, the group acquires an 85% stake in Swift Armour SA Argentina (Swift Armour) for USD 200m, USD 80m of which is financed through a BNDES loan.

2007 The company, renamed JBS SA, lists in São Paulo. Joesley Batista is appointed chairman and CEO. JBS acquires Florida-based processed beef distributor SB Holdings Inc. JBS also acquires Delaware-based beef and pork processor Swift & Co from HM Capital Partners LLC for USD 1.46bn, which includes the assumption of USD 1.2bn in debt. The deal receives support from BNDES, which pays BRL 1.14bn for a 12.9% stake in JBS. With MCL Empreendimentos Ltda, owned by Mário Celso Lopes, Batista holding company J&F Investimentos (J&F) establishes eucalyptus plantation company Florestal do Brasil SA.

2008 JBS attempts to acquire National Beef Packing Co but calls off the deal amid opposition, on anti-trust grounds, from the US Justice Department and state attorneys general. JBS acquires beef processing company Smithfield Beef Group Inc (renamed JBS Packerland Inc) and feedlot operator Five Rivers Cattle Feeding LLC from Smithfield Foods Inc for USD 565m. To finance the acquisition of Smithfield Beef and the attempted acquisition of National Beef, BNDESPar and SOE pension funds Petros and Funcef form Fundo de Investimento em Participações PROT, which acquires a 14.3% stake in JBS for BRL 1.4bn. JBS issues new shares to BNDESPar, raising BRL 335m and increasing BNDESPar's stake to 17%. JBS acquires Australian companies Tasman Group Services Pty Ltd and Industry Park Pty Ltd, which includes six slaughterhouses, for USD 150m. JBS also acquires a 50% stake in Italian processed meat producer Inalca SpA for GBP 225m from Cremonini SpA. J&F establishes financial services arm Banco JBS.

2009 JBS USA acquires a 64% stake in Texas-based poultry producer Pilgrim's Pride Corporation for USD 800m and meat-focused conglomerate Bertin SA through a share swap. The Bertin family initially receives a 28.7% indirect stake in JBS via FB Participações SA, a holding company co-owned by the Bertin and the Batista families. To finance both deals, JBS issues USD 2bn in debentures to BNDES, which are mandatorily convertible into shares of JBS USA. The acquisition of Bertin also includes dairy company Vigor Alimentos SA (Vigor), which

becomes a subsidiary of J&F. Via FIP Florestal, Petros and Funcef each acquire a 25% stake in Florestal do Brasil for a total of BRL 550m.

2010 J&F establishes pulp and paper producer Eldorado Brasil Celulose SA (Eldorado). Because JBS USA does not file for an IPO, as mandated in the terms of the BNDES debentures, it is required to pay a USD 300m fine. JBS acquires Australian lamb producer Tatiara Meat Company Pty Ltd for AUD 30m, beef slaughterhouse Rockdale Beef Pty Ltd for USD 37.3m, the Arizona-based McElhaneey Cattle Co Inc feedlot, and Belgium-based beef distributor Toledo International NV for EUR 11m. JBS raises its stake in Pilgrim's Pride to 67.27%.

2011 Debentures held by BNDES are converted into JBS shares, increasing the bank's stake from 17% to 30.4%. Wesley Batista is appointed CEO of JBS, replacing Joesley, who remains as chairman. José Batista Júnior steps down from the board and begins to sell his indirect stake in the company. Eldorado acquires Florestal do Brasil, and obtains a BRL 2.7bn loan from BNDES to establish a pulp factory in Mato Grosso do Sul. J&F acquires Banco Matone, in part through a BRL 1.85bn loan from deposit-insurance organization Fundo Garantidor de Créditos. Banco Matone merges with Banco JBS to create Banco Original, which focuses on agribusiness lending. J&F acquires Bertin Higiene e Limpeza for BRL 350m, including eight cosmetics brands and seven cleaning products brands, which are incorporated into Flora. JBS sells back its 50% stake in Inalca to Cremonini for EUR 218m.

2012 JBS enters the Brazilian poultry industry by leasing the assets of Doux Frangosul SA, controlled by France's Groupe Doux SA. BNDES transfers a 10.07% stake (295 million shares) in JBS to Caixa Econômica Federal, decreasing its stake to 19.85%. J&F acquires MCL Empreendimentos' 25% stake in Eldorado. Eldorado issues BRL 940m in debentures to pension fund FI-FGTS and BRL 500m in debentures to Caixa Econômica Federal.

2013 The Batista family, via J&F, and Bertin family, via FIP Bertin, sign an agreement to end a dispute over an alleged illegal transfer of shares [see Risk Factors]. FIP Bertin's indirect stake in JBS is restructured into a 24.75% stake in J&F. JBS acquires Seara Alimentos SA (Seara) and Zendaleather SA from Marfrig Alimentos SA by assuming BRL 5.85bn of Marfrig's debt. JBS also acquires poultry producers Tramonto Agroindustrial SA and Agroveneto SA, and ready-made meals company Comércio e Indústria de Massas Alimentícias Massa Leve Ltda. J&F acquires TV channel Canal Rural Produções Ltda for BRL 40m.

2014 After selling his stake in JBS and abandoning plans to run for governor of Goiás state, José Batista Júnior establishes JBJ Agropecuária Ltda (JBJ). JBJ acquires a controlling stake in Fratelli Dorazio Investimentos SA, which owns Mataboi Alimentos Ltda, a slaughterhouse company in judicial recovery. JBS acquires the Mexican and Brazilian poultry operations of Tyson Foods Inc for USD 575m, pork producer Sul Valle Alimentos Ltda for BRL 24m, poultry producers Frinal SA Frigorífico e Integração, Granja Eleven Ltda, Novagro Granja Avícola Ltda and Avebom Indústria de Alimentos Ltda, two export-focused poultry processing units from Céu Azul Alimentos Ltda, a slaughterhouse in Mato Grosso do Sul state, and stakes in poultry producers Big Frango Indústria e Comércio de Alimentos Ltda, Nutribig Administração e Participações Sociais SA and Agrícola Jandelle SA.

2015 J&F acquires shoe and apparel company Alpargatas SA, previously controlled by Camargo Corrêa, for BRL 2.7bn, in a deal fully financed by Caixa Econômica Federal. JBS acquires Northern Ireland-based poultry producer Moy Park Ltd from Marfrig Global Foods SA for USD 1.5bn, with Marfrig receiving USD 1.2bn in cash, and JBS assuming GBP 193m in Moy Park debt. JBS USA acquires several pork slaughterhouses and processing units in five US states from Cargill Meat Solutions Corp for USD 1.45bn. JBS also acquires Australian-based processed meat producer Primo Smallgoods Pty Ltd for AUD 1.45m.

Sources: Company filings and websites, press reports

TIMELINE: 2016-PRESENT

2016

September Eldorado is targeted in the federal police's Greenfield investigation into investments made by pension funds Funcef and Petros. Joesley and Wesley Batista are barred by a federal court from holding management roles, but allowed to return to their jobs after reaching a deal with prosecutors to provide BRL 1.52bn in guarantees. José Batista Júnior and José Batista Sobrinho serve as interim CEO and chairman of JBS during the six-day interval.

October Wesley and Joesley Batista each acquire a 50% stake in holding company Blessed Holdings LLC for USD 150m. The announcement by JBS is only made in May 2017, after Joesley and Wesley's tax returns are examined by prosecutors overseeing their leniency agreement.

November JBS acquires Minnesota-based poultry slaughterhouse JFC LLC and its subsidiaries, collectively known as GNP, from Maschhoff Family Foods LLC for USD 350m.

December JBS Foods International BV is established as a holding company for the group's assets outside Brazil and Seara. JBS Foods International announces that it intends to file for an IPO on the NYSE in 2017.

2017

March JBS acquires processed meat producer Plumrose USA Inc from Danish Crown AS for USD 230m. Mário Celso Lopes, whose company owned a 25% stake in Eldorado before 2012, is temporarily detained in relation to fraud investigations in a contract between Eldorado and a company owned by Lopes, Eucalipto Brasil SA. Joesley Batista is barred by a court from holding any position at J&F-controlled companies.

April J&F signs a leniency agreement with federal prosecutors, agreeing to pay BRL 10.3bn over 25 years. Of the total, BRL 8bn is to be allocated to BNDES, Caixa Econômica Federal and pension funds Funcef, Petros and FI-FGTS.

May On 11 May, the Supreme Court approves the plea deals reached in March between federal prosecutors and Joesley and Wesley Batista, as well as five other J&F executives. The deals call for a fine of BRL 225m. Audio recordings from Joesley's plea deals, including a conversation with president Michel Temer about bribery of former lower-house president Eduardo Cunha, are leaked to the media on 17 May. Joesley Batista steps down as chairman of JBS, and is replaced by non-family executive Tarek Farahat.

July JBS sells its beef operations in Argentina, Paraguay and Uruguay to Minerva SA for USD 300m. JBS reaches an agreement with banks to stabilize BRL 20.5bn in debt for a 12-month period. Under the agreement, if JBS sells assets, it must amortize its indebtedness in an amount equivalent to 80% of the net proceeds. J&F sells Alpargatas to Cambuhy Investimentos Ltda, Itaúsa Investimentos Itaú SA and Brasil Warrant Gestão de Investimentos Ltda for BRL 3.5bn.

September Joesley Batista and J&F executive Ricardo Saud are preventively arrested for concealing information during their plea bargains, and the Attorney General rescinds the plea agreements with both executives. A few days later, Wesley Batista is arrested for insider trading of JBS shares and USD future contracts, of which Joesley is also accused. José Batista Sobrinho is named CEO of JBS. A court approves J&F's leniency agreement. J&F sells Eldorado to Paper Excellence BV, a company controlled by Indonesia's Widjaja family, for BRL 15bn. J&F also sells Moy Park to its subsidiary Pilgrim's Pride Corp for approximately GBP 1bn.

October Vigor, 72.35% owned by J&F and 19.43% owned by JBS, is sold to Mexico's Grupo Lala SAB de CV for a total of BRL 5bn, BRL 1.1bn of

which goes to JBS. Wesley Batista Filho is appointed to the board of JBS. JBS temporarily halts operations in Mato Grosso do Sul state due to an asset freeze of BRL 730m in relation to a civil lawsuit filed in the state alleging bribery of state officials in exchange for tax benefits. JBS Foods International withdraws its IPO application.

2018

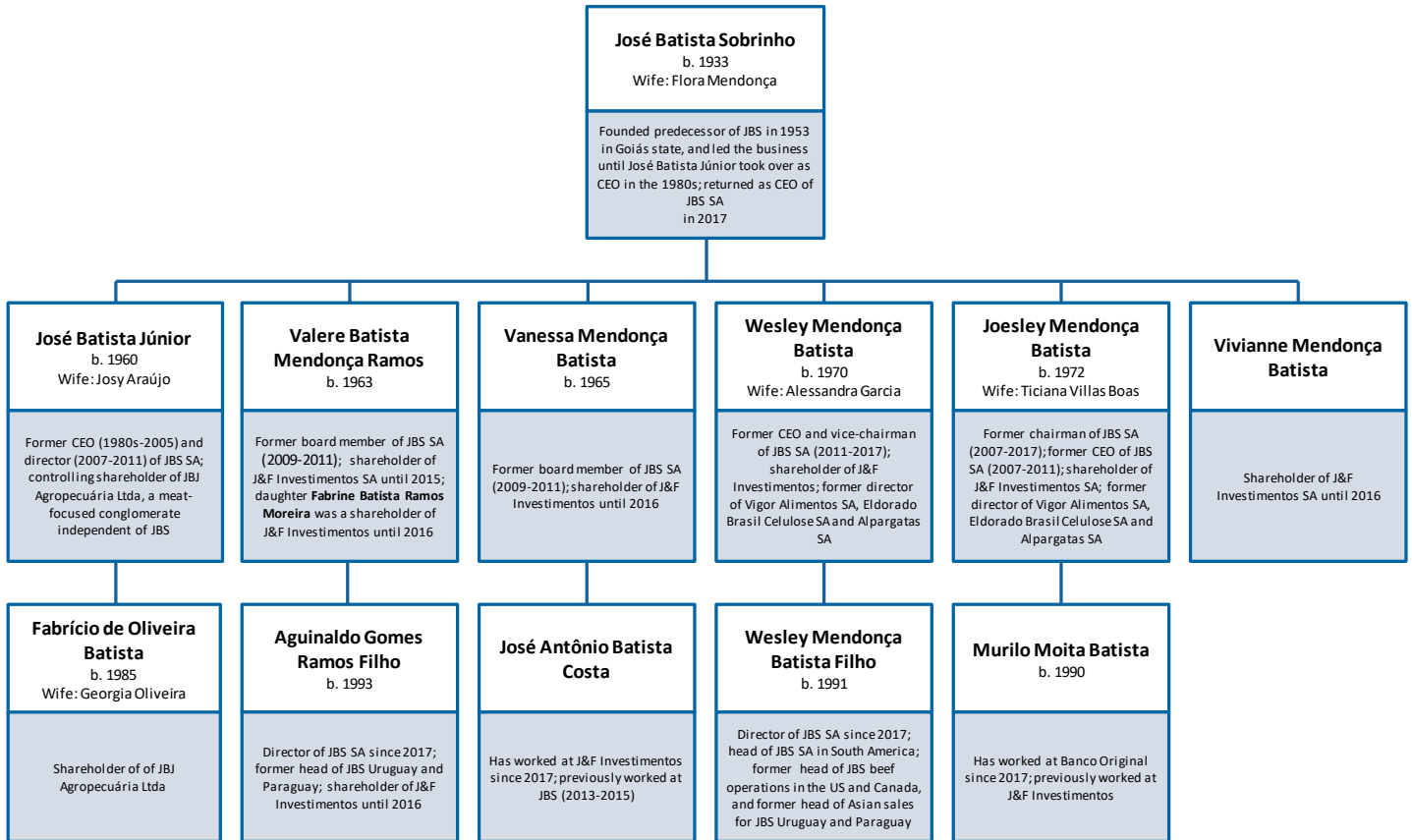
January JBS sells its Five Rivers Cattle Feeding LLC feedlot operations in the US and Canada to Pinnacle Asset Management LP for USD 240m.

February Wesley Batista is released from prison. The Attorney General rescinds the plea agreement with Wesley Batista and J&F executive Francisco de Assis e Silva.

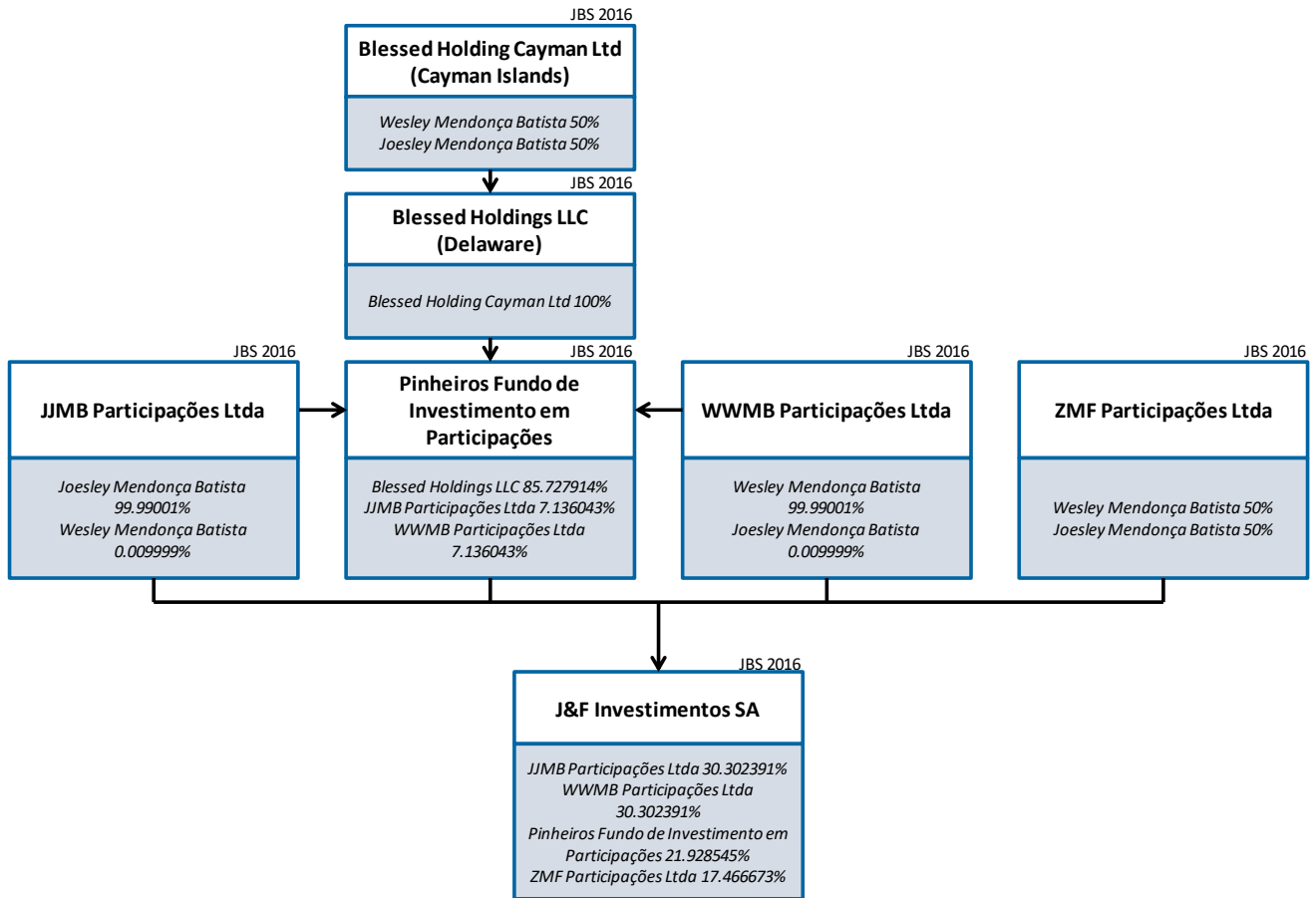
March Joesley Batista and Ricardo Saud are released from detention.

Sources: Company filings and websites, press reports

FAMILY MEMBERS

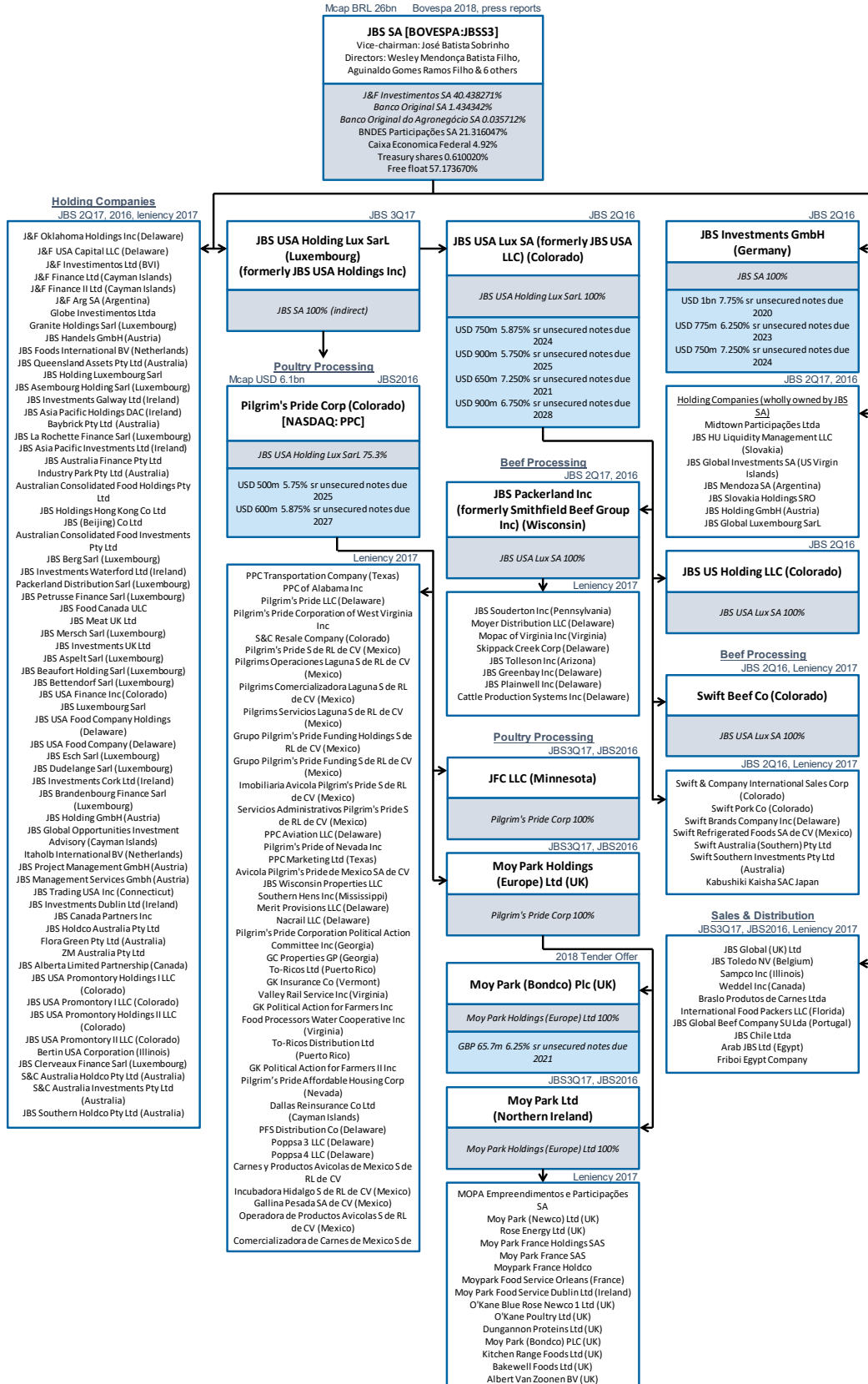


SHAREHOLDINGS: HOLDING COMPANIES



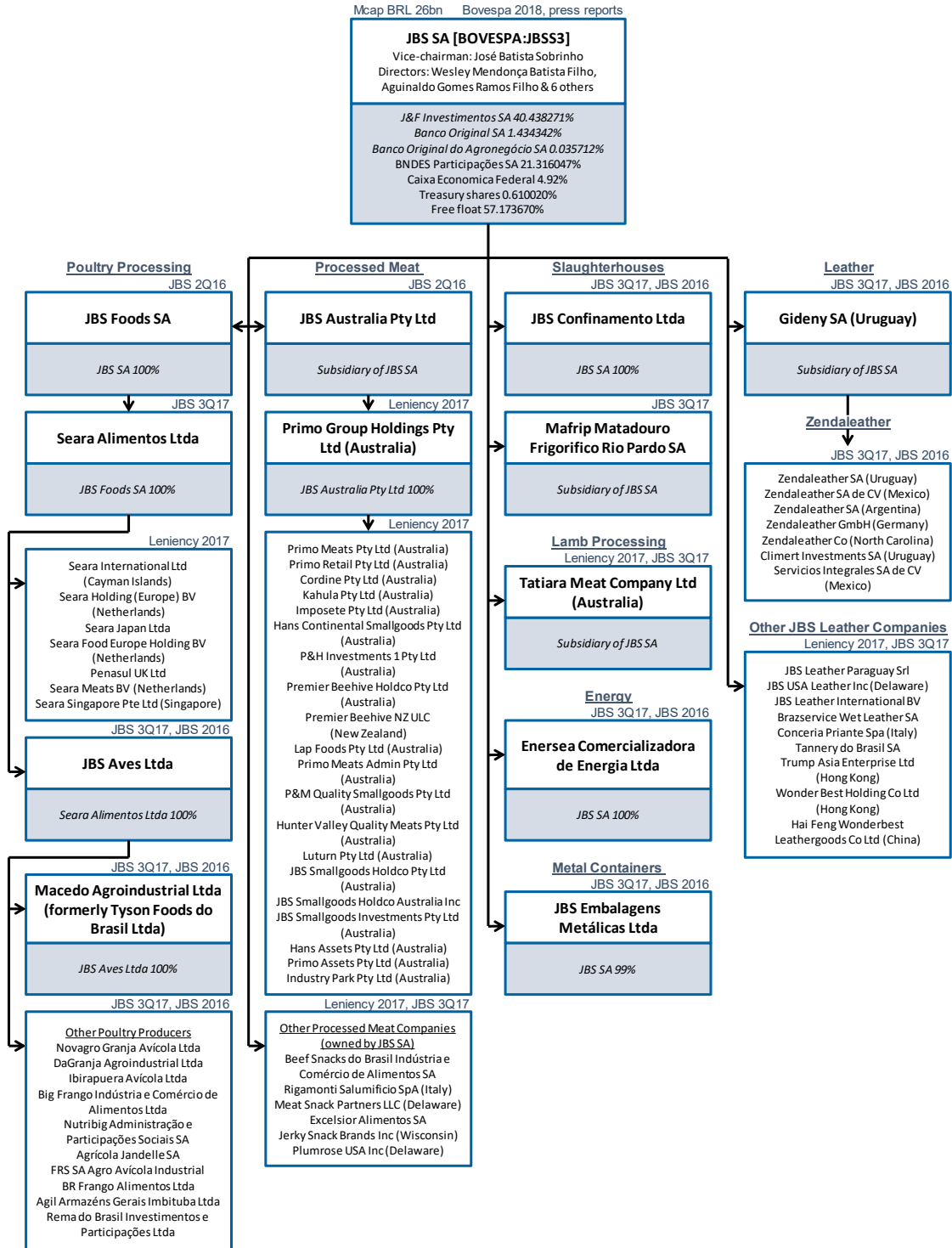
Note: This chart is based on public information. It contains key companies but is not intended to be comprehensive. USD bonds and market capitalization are included where relevant. Family shareholdings are italicized. Companies are domiciled in Brazil unless otherwise noted.

SHAREHOLDINGS: JBS (PART 1)



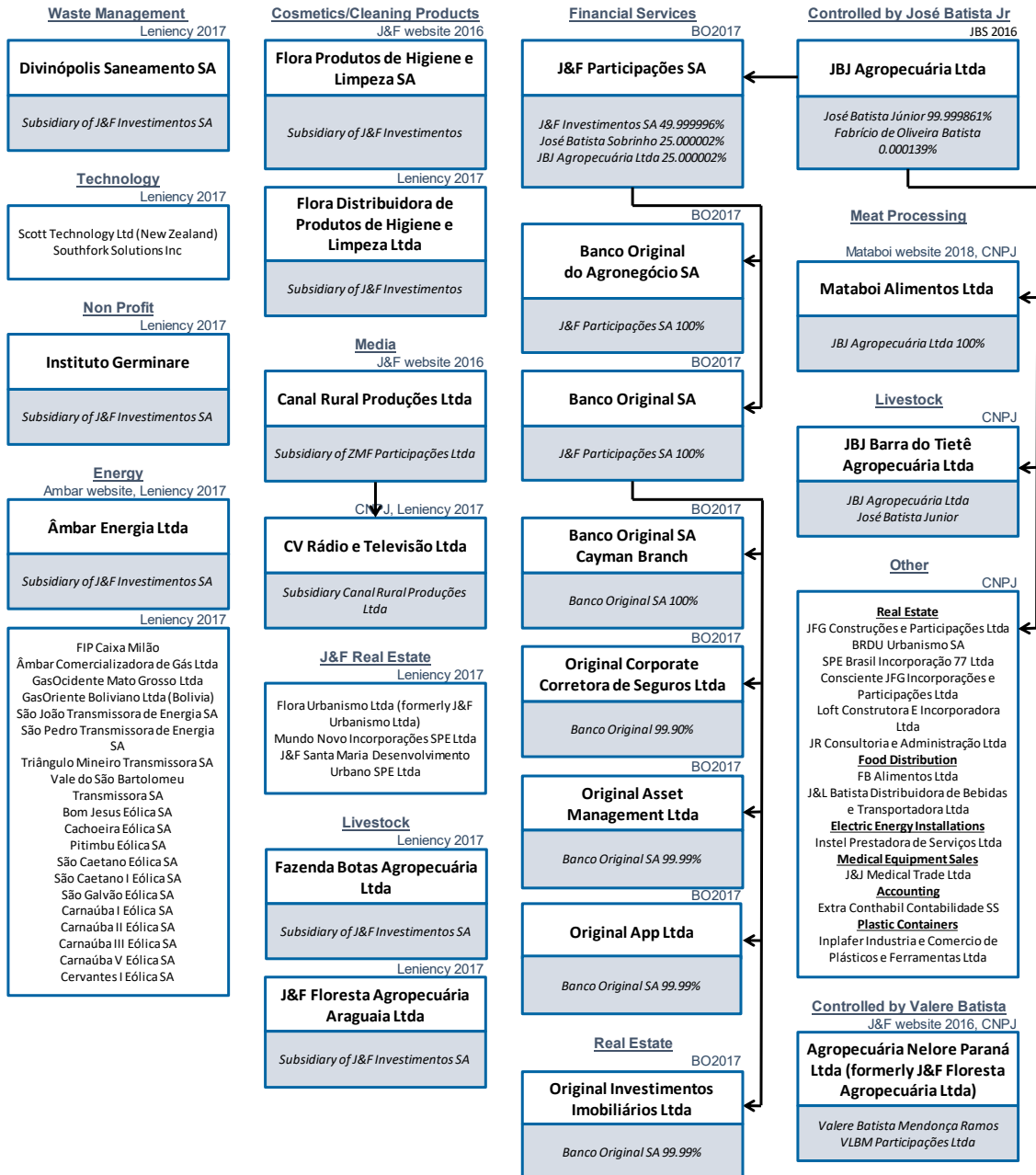
Note: This chart is based on public information. It contains key companies but is not intended to be comprehensive. USD bonds and market capitalization are included where relevant. Family shareholdings are italicized. Companies are domiciled in Brazil unless otherwise noted.

SHAREHOLDINGS: JBS (PART 2)



Note: This chart is based on public information. It contains key companies but is not intended to be comprehensive. USD bonds and market capitalization are included where relevant. Family shareholdings are italicized. Companies are domiciled in Brazil unless otherwise noted.

SHAREHOLDINGS: J&F (NON-JBS), JOSÉ BATISTA JÚNIOR & OTHER



Note: This chart is based on public information. It contains key companies but is not intended to be comprehensive. USD bonds and market capitalization are included where relevant. Family shareholdings are italicized. Companies are domiciled in Brazil unless otherwise noted.

AFFILIATIONS Relationships with individuals, companies and institutions

<p>Brazilian Development Bank (BNDES)</p>	<p>The Batista family has a longstanding relationship with the Brazilian Development Bank (BNDES), which helped finance many of its acquisitions. In addition to being a lender to J&F Investimentos, JBS and Eldorado, BNDES is the second-largest shareholder of JBS, with a 21.3% stake as of February 2018. According a report by Brazil's Federal Court of Accounts (TCU) citing the bank's database, it provided more than BRL 10bn in financing to JBS from 2005 to 2014. The relationship between the family and BNDES is under investigation by federal prosecutors and by the TCU (see Risk Factors).</p> <p>In March 2018, O Globo reported that BNDES was in the initial stages of negotiations to sell its stake in JBS, but BNDES president Paulo Rabello denied the rumours, saying he believes the company merely needs to professionalize its management. In June 2017, BNDES called for a shareholder meeting to request that family members resign from the board, according to Folha. Rabello has called for the removal of Batista family members from management, and BNDES attempted to block the family from voting at a September 2017 shareholder meeting, according to press reports. Rabello criticized the appointment of José Batista Sobrinho as CEO as "devious" and expressed doubt over the family's corporate governance capabilities, according to Reuters.</p>
<p>Silval Barbosa</p>	<p>Silval Barbosa is the former governor of Mato Grosso state (2010-2014), where JBS owns several slaughterhouses. In his 2017 plea bargain, Barbosa said he received BRL 15m in bribes from JBS from 2012 to 2014, in exchange for tax benefits. Barbosa said that BRL 4m was transferred by him to current Mato Grosso governor Pedro Taques. Barbosa was preventively arrested in September 2015 and sentenced to 13 years of house arrest in 2017 for fraud in the granting of tax benefits to companies.</p>
<p>Caixa Econômica Federal</p>	<p>Brazilian state-owned lender Caixa Econômica Federal held a 4.92% stake in JBS as of February 2018. In 2012, BNDES transferred a 10.07% stake in JBS worth BRL 1.78bn to Caixa. It has also been a lender to Eldorado, including in 2012, when it bought BRL 500m in debentures from the pulp producer. Caixa manages pension funds Funcef and FI-FGTS, which have also provided financing to JBS and Eldorado. In 2009, Funcef paid BRL 275m for a 25% stake in FIP Florestal, which was incorporated into Eldorado in 2011. Funcef also held a stake in JBS between 2008 and 2010 via Fundo de Investimento em Participações PROT. In 2012, Eldorado issued BRL 950m in debentures to FI-FGTS. The transactions are under scrutiny in the Cui Bono, Greenfield and Sepsis investigations over bribery of Caixa executives and other politicians.</p> <p>Former Caixa VP Fábio Cleto claimed in a plea bargain that he received kickbacks from Eldorado, and that the payments had been discussed with Joesley Batista. Joesley confirmed this in his own plea bargain. Cleto also said that part of that money went to Eduardo Cunha, the former president of Brazil's lower house of congress, and lobbyist Lúcio Funaro. Cleto's statement provided the basis for the Attorney General's Office to ask Supreme Court to order raids on Eldorado and J&F offices on 1 July 2016 in the Sepsis investigation. He was appointed vice-president of Caixa by Cunha in 2011 and worked there until 2015.</p>
<p>Eduardo Cunha</p>	<p>Eduardo Cunha is the former president of the lower house of congress (2015-2016) and was named as a recipient of illegal payments in the plea bargains of several J&F officials. Joesley Batista said that he paid BRL 28.5m to Cunha's 2014 campaign for the presidency of the lower house, BRL 20m in exchange for his lobbying to maintain tax rates on poultry processors in 2015, BRL 7m for favorable treatment by the Ministry of Agriculture, and BRL 5m to buy his silence when Cunha was about to be arrested in 2016. In an audio recording of a meeting with president Michel Temer, Joesley discusses monthly payments of BRL 500m to Cunha's family. Fábio Cleto, former vice president of Caixa Econômica Federal, confirmed in his plea bargain that a portion of the kickbacks he received in exchange for financing of Eldorado went to Cunha. Lobbyist Lúcio Funaro has been convicted of being an intermediary in the bribery schemes with Cunha. According to the book "Nome Aos Bois: A História das Falcatruas da JBS" by Bernardino Coelho da Silva and Claudio Tognolli, JBS paid a total of BRL 190m to Cunha and Funaro. Cunha has been sentenced to prison for 14 years for corruption and money laundering, but may face additional charges in the Sepsis investigation. In January 2018, Sepsis prosecutors asked a federal court to sentence Cunha to 386 years in prison.</p>
<p>Guido Mantega</p>	<p>Guido Mantega was Brazil's finance minister (2006-2015) under presidents Luiz Inácio Lula da Silva and Dilma Rousseff, and before that served as president of BNDES (2004-2006). According to Joesley Batista's plea bargain, JBS made monthly payments to Mantega between 2007 and 2009 amounting to BRL 5.4m, as well as two additional payments in 2008 and 2009 for a total of BRL 4.2m. Joesley also said he made USD 25m in loans to Mantega. According to Joesley, Mantega used his influence to help JBS obtain BNDES loans, and the relationship between the two began in 2005, when BNDES made a BRL 80m loan for JBS' acquisition of Swift Armour SA Argentina. Joesley also named Mantega as an intermediary of JBS campaign financing to Lula and Rousseff via an offshore account. Both former presidents have denied the accusations. In September 2017, Mantega signed an agreement with federal prosecutors to collaborate with investigations into BNDES financing in exchange for avoiding preventive detention during the investigations. He was temporarily detained in September 2016, after being accused of receiving bribes from Eike Batista and Marcelo Odebrecht.</p>
<p>Henrique Meirelles</p>	<p>Henrique Meirelles was appointed Finance Minister in May 2016 by then-interim president Michel Temer. He served as president of the Brazilian Central Bank under president Luiz Inácio Lula de Silva (2003-2011). After his central bank tenure ended in 2011, Meirelles was appointed chairman of J&F Investimentos, and held the position until becoming Finance Minister. According to press reports, he played a key role at Banco Original. Meirelles is expected to run in the 2018 presidential election.</p>
<p>Colin Murdoch-Muirhead</p>	<p>According to JBS filings, Colin Murdoch-Muirhead is the former controlling shareholder of Delaware-based Blessed Holdings, which owns an indirect 18.8% stake in J&F Investimentos. Murdoch-Muirhead-controlled Cayman Islands-based Lighthouse Capital Insurance Co and Puerto Rico-based US Commonwealth Life AI each owned 50% of Blessed Holdings. Blessed Holdings in turn owned 85% of Pinheiros Fundo de Investimento em Participações (FIP Pinheiros, formerly called FIP Bertin), which had a 24.76% stake in J&F. The other shareholders of Blessed Holdings were James Walker, Nicholas Ferris and Paul Blackhouse. According to the website of Lighthouse Capital, Murdoch-Muirhead is a former senior executive of HSBC Bank of Bermuda. Blessed Holdings and FIP Bertin were used in JBS' 2009 acquisition of Brazilian meatpacker Bertin SA via a share swap. In 2013, Bertin filed a lawsuit in São Paulo alleging that shares from FIP Bertin had been fraudulently transferred to Blessed Holdings, and that Blessed Holdings was controlled by the Batista family. JBS at the time denied having any relationship with Blessed Holdings. The dispute with Bertin was settled out of court as part of Bertin's exit from JBS in 2014, according to press reports. In May 2017, JBS announced that Joesley and Wesley Batista had acquired Blessed Holdings for USD 300m in October 2016.</p>

AFFILIATIONS Relationships with individuals, companies and institutions

<p>Aécio Neves</p>	<p>Aécio Neves has been a senator since 2011 and is the former president of the Brazilian Social Democracy Party (PSDB) (2013-2017). According to the plea bargain of J&F Investimentos executive Ricardo Saud, JBS made several bribery payments to Neves, including BRL 80m to his 2014 presidential campaign and BRL 17m in 2015 via the purchase of an overvalued apartment. Based on the testimonies, federal police raided Neves' apartment and arrested three intermediaries in the bribery scheme: his sister Andrea Neves, his cousin Frederico Pacheco de Medeiros, and the advisor Menderson Souza Lima in May 2017. They were released to house arrest in June. Neves was suspended from the Senate by the Supreme Court in May, but returned in October after the Senate voted against the decision. He is also a defendant in seven other cases in the Supreme Court, five of which are related to accusations made in Odebrecht executives' plea bargains.</p>
<p>Iris Rezende</p>	<p>Iris Rezende is a senator and former governor of Goiás state (1983-1986, 1991-1994), where JBS was founded. According to Piauí magazine, during the company's early period of expansion under José Batista Júnior, it was rumored that Rezende was a patron or even a partner of José Batista Sobrinho.</p>
<p>President Michel Temer; Brazilian Democratic Movement Party (PMDB)</p>	<p>Michel Temer has been the president of Brazil since August 2016, when he replaced the impeached Dilma Rousseff. In March 2017, Joesley Batista recorded a conversation with Temer in which they discuss payments to buy the silence of former lower house president Eduardo Cunha. In the conversation, Temer indicates that Joesley should contact Rodrigo Rocha Loures, a former congressman and his special advisor, to resolve a problem related to a power plant J&F owned. Days later, Rocha Loures was filmed receiving a bag with BRL 500,000 from J&F Investimentos executive Ricardo Saud. Rocha Loures is currently under house arrest. Due to his status as president, Temer can only be prosecuted in the Supreme Court, and with support from the lower house. In August and October 2017, the lower house voted against a prosecution.</p> <p>Temer's party, PMDB, received about BRL 35m from JBS during the 2014 elections, according to campaign finance disclosures. According to Saud, JBS also paid BRL 15m in undeclared campaign donations to PMDB during the campaign.</p> <p>In 2014, José Batista Júnior planned on running for governor of Goiás state as a member of PMDB, but withdrew amid an intra-party dispute with former governor Iris Rezende. José Batista Júnior has also been a member of the Brazilian Social Democracy Party (PSDB) (2005-2009), Brazilian Labor Party (PTB) (2009-2011) and Brazilian Socialist Party (PSB) (2011-2013), according to the book "Nome aos Bois: A História das Falcatruas da JBS".</p>
<p>Geddel Vieira Lima</p>	<p>Geddel Vieira Lima was chief of staff under president Michel Temer in 2016, and is a former vice president of state-owned bank Caixa Econômica Federal (2011-2013). Vieira Lima was accused by lobbyist Lúcio Funaro and former Caixa Econômica Federal vice president Fábio Cleto of receiving bribes from Joesley Batista in relation to loans to Eldorado. According to Funaro's plea bargain, Vieira Lima received payments for all Caixa operations with J&F Investimentos companies except for one instance (the purchase of Alparagatas), totalling BRL 20m in bribes transferred. Joesley confirmed the relationship between Vieira Lima, Cunha and Funaro, to whom he made total payments of about BRL 100m. In his plea bargain, J&F executive Francisco Assis e Silva detailed five meetings with Vieira Lima between September and November 2016, in one of which they discussed an amendment to a law against undeclared electoral donations, which would give amnesty from criminal prosecution to politicians involved. Vieira Lima was arrested in July 2017, and in February 2018, prosecutors asked a federal court to sentence him to seven years in prison.</p>
<p>Workers' Party</p>	<p>The Worker's Party (Partido dos Trabalhadores, or PT), Brazil's ruling party from 2003 to 2016, has been a major recipient of funds from JBS. According to data compiled by Estado de S. Paulo, JBS contributed roughly BRL 107m to the party in the 2014 national elections. The Batista family's companies received numerous loans and equity financing from state-owned banks and pension funds while PT was in power.</p> <p>According to Joesley Batista's plea bargain, former PT treasurer João Vaccari used one of Joesley's bank accounts in New York to receive and make payments beginning in 2012. Payments of USD 23m were made from the account between 2013 and 2014. Joesley also claimed to have held accounts in New York for two Bahamas-based companies to pay USD 150m to former presidents Luiz Inácio Lula da Silva and Dilma Rousseff, in connection to loans from BNDES, Petros and Funcef, according to the book "Nome aos Bois: A História das Falcatruas da JBS". However, prosecutors said they found no evidence of these transactions.</p>

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<p>Alleged bribery of federal judges (2017–present)</p>	<p>In September 2017, prosecutors obtained text-message conversations between J&F executive Francisco de Assis e Silva and JBS lawyer Renata Gerusa Prado de Araújo suggesting that JBS paid bribes to federal judges in exchange for favourable rulings, according to Veja. The evidence was obtained from Araújo's ex-husband, Pedro Bertim Jacobi. The judges named in the conversations are Araújo's mother Maria do Carmo Cardoso, a federal judge, and three Supreme Court of Justice judges: Napoleão Maia, Mauro Campbell and João Otávio Noronha. Maia is accused of having received payments to lift a JBS asset freeze of BRL 73.5m that had been ordered in 2014 in relation to fiscal benefits improperly obtained by the company in Mato Grosso state. Supreme Court judge Gilmar Mendes ordered an investigation into the prosecutors' allegations in the Supreme Court of Justice.</p>
<p>Alleged bribery of Federal Revenue authorities (2017–present)</p>	<p>In December 2017, federal police announced an investigation of alleged bribery of Federal Revenue employees by JBS officials to expedite tax credits between 2004 and 2017, according to prosecutors. Prosecutors in the investigation, called Operation Baixo Augusta, estimate that JBS paid BRL 160m in bribes and received BRL 2bn in tax credits during the period.</p>
<p>Arbitration case with minority shareholders (2017–present)</p>	<p>In August 2017, the Minority Shareholders' Association (Aidmin) and JBS shareholder Aurélio Valporto filed arbitration proceedings in the Court of Arbitration of the São Paulo stock exchange, claiming Joesley and Wesley Batista had abused their controlling power of JBS by making illegal payments to politicians, according to Estado de S. Paulo. Additionally, the plaintiffs claimed the siblings approved the company's financial statements despite being aware of irregularities, and used insider information to trade JBS shares. The damages sought by the plaintiffs have not yet been finalized, but could be as high as BRL 1bn, according to the same source. In November 2017, Brazil's Securities and Exchange Commission (CVM) denied a request by Aidmin for access to a JBS shareholder list.</p>
<p>Alleged bribery of Mato Grosso do Sul officials (2017–present)</p>	<p>In July 2017, Mato Grosso do Sul prosecutors filed a civil lawsuit alleging administrative improbity (corruption by public officials) against state governor Reinaldo Azambuja, a J&F company, and Joesley and Wesley Batista. According to Joesley's plea bargain, he paid BRL 38m in bribes to Azambuja in 2014 and 2016 in exchange for tax benefits in the state. In his plea bargain, Wesley said the scheme began in 2003 under governor José Orcirio Miranda dos Santos (1999-2006) and continued under governor André Puccinelli (2007-2014), to whom JBS paid BRL 114m. According to Ricardo Saud, JBS also paid BRL 5m to Delcídio do Amaral's unsuccessful gubernatorial campaign in 2014. In October, a court froze BRL 730.6m in assets belonging to J&F, JBS, Joesley and Wesley, as well as 68% of the assets of Eldorado and the JBS brands Friboi, Seara, Swift and Frangosul. JBS halted production at seven units in the state for five days due to the asset freeze. J&F has appealed, and the case is ongoing.</p>
<p>Operation Cui Bono: Bribery to obtain Caixa Econômica Federal financing (2017–present)</p>	<p>In January 2017, federal police announced the Cui Bono investigation into irregularities in financing by state-owned lender Caixa Econômica Federal to at least eight companies between 2011 and 2015. According to Estado de S. Paulo, Caixa provided BRL 5.5bn to J&F companies during this period. In 2012, Caixa bought BRL 500m in debentures from Eldorado, and in 2015, it made a BRL 2.7bn loan to fund J&F's purchase of Alpargatas. Former Caixa VP Fábio Cleto (2011-2015) claimed in his 2016 plea bargain that he received kickbacks from Eldorado, and that the payments had been discussed with Joesley Batista. According to prosecutors, Cleto, former Caixa VP (2011-2013) and minister (2016) Geddel Vieira Lima, former lower-house president Eduardo Cunha and lobbyist Lúcio Funaro received bribes via two companies owned by Funaro to secure Caixa financing for J&F companies. According to Funaro's plea bargain, Vieira Lima received payments for all of Caixa's deals with J&F companies, except for the Alpargatas loan. Funaro said that he transferred BRL 20m in bribes to Vieira Lima. In his plea bargain, Joesley confirmed the connection between Vieira Lima, Cunha and Funaro. J&F's April 2017 leniency agreement involved prosecutors from the Cui Bono case and includes BRL 500m in compensation to Caixa.</p>
<p>Concealment of information in plea bargains (2017–present)</p>	<p>On 9 September 2017, the Supreme Court ordered the temporary arrest of Joesley Batista and J&F executive Ricardo Saud for concealing information when making their plea bargains. Prosecutors also asked for the arrest of former federal prosecutor Marcelo Miller, but this was denied by the Supreme Court. The accusations were made after the executives presented an audio recording to prosecutors in which they discuss the relationship with Miller. According to prosecutors, J&F hired Miller, who was a federal prosecutor until April 2017, during the negotiations of their plea bargains between March and May 2017, paying him BRL 700,000. Miller said that at the time he had already begun work outside the public sector, in activities unrelated to his work as a federal prosecutor. On 11 September, the police served search warrants at J&F's offices in São Paulo, and the homes of Joesley, Saud, Miller and J&F executive Francisco de Assis e Silva. On 14 September, the arrests were converted into preventive arrests (without a release date) and the Attorney General asked that Joesley and Saud's plea bargains be rescinded, which would cause them to lose their protection from criminal prosecution. The Supreme Court has not yet approved the rescinding of the plea deals. In February 2018, the Attorney General also requested that Wesley and Assis e Silva's plea bargains be rescinded. On 9 March 2018, a federal court ordered Joesley and Saud to be released from detention, saying that the preventative arrests were too long. Prosecutors appealed on 20 March.</p>
<p>Operation Achilles Heel: Insider trading by Wesley and Joesley Batista (2017–present)</p>	<p>Wesley Batista was preventively arrested on 13 September 2017 amid the Tendão de Aquiles (Achilles Heel) investigation of insider trading and market manipulation. Joesley was accused of the same crimes, but had already been arrested days earlier for withholding information in his plea bargain. According to prosecutors, the siblings profited from the sale of JBS shares and purchase of USD futures contracts between 2 March and 17 May 2017 while they negotiated their plea agreements, knowing their announcement on 17 May would affect both JBS shares and the BRL. According to court documents, Wesley bought USD 2.8bn in USD futures contracts days before the plea bargains were leaked to the market, and Batista family holding company FB Participações sold 36 million JBS shares at the end of March, decreasing its stake from 44.35% to 42.80%. JBS repurchased 23 million shares in April and May, increasing FB Participações' stake. The USD appreciated 8% versus the BRL the after the announcement, while JBS shares fell 37% between 17 and 22 May. According to prosecutors, FB Participações avoided an equity value loss of BRL 138m by selling the JBS shares. A federal court froze BRL 238m in assets owned by the siblings in September 2017. To unfreeze the assets, the Batistas offered shares of JBS as a guarantee, which the court accepted in March 2018. Wesley and Joesley were released from jail in February and March 2018, respectively, but required to wear ankle monitors. A lower court ruling on the insider trading and market manipulation case is expected by June, according to Valor Econômico. If found guilty, the brothers could serve up to five years in prison and be fined up to three times their illicit gains. Other group companies including Seara and Eldorado are also under investigation by securities regulator CVM. In October 2017, the CVM closed its insider trading investigation into Banco Original for lack of evidence. In total, the CVM currently has eight administrative proceedings, three sanctioning administrative proceedings, and one auditing proceeding against J&F group companies.</p>

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Operation Bullish: Overpayment for JBS shares by BNDES (2017–present)

The federal police's Operation Bullish targets irregularities in BNDES financing to JBS between 2007 and 2011, including the 2008 acquisition of Smithfield Beef and the aborted acquisition of National Beef, according to press reports. In 2008, BNDESPar paid a total of BRL 996m to acquire shares of JBS directly and via Fundo de Investimento em Participações PROT. The Federal Court of Accounts (TCU) estimated that BNDES' alleged overpayment for JBS shares cost the bank BRL 304m, and claimed that BNDES executives including former president Luciano Coutinho acted negligently by approving the deal. In his plea bargain, Joesley Batista said he paid bribes totaling 4% of the financing value to former BNDES president Guido Mantega. In March 2018, the federal government ordered JBS to pay BNDES BRL 429m in compensation. JBS has the right to appeal.

A March 2018 report by the TCU estimated BNDES' total loss from all JBS investments at BRL 5bn, considering the drop in the price of JBS shares until July 2017. In May 2017 Joesley and Wesley Batista were interviewed by federal police in relation to the investigation, and police raided the offices and home of Coutinho. Other deals being investigated include financing for the 2007 acquisition of Swift & Co and 2009 acquisition of Pilgrim's Pride. JBS claims its deals with BNDES were in line with market practices. BNDES has claimed that its investments with JBS generated BRL 2.8bn in profit for the bank.

In September 2017, the Senate established a Mixed Parliamentary Investigative Commission (CPMI) to investigate irregularities in BNDES financing of JBS between 2007 and 2016. The CPMI concluded its report in December, accusing former federal prosecutor Marcelo Miller, Wesley and Joesley Batista and J&F Investimentos executive Ricardo Saud of active and passive corruption, administrative improbity, criminal organization, obstructing investigations, insider trading and market manipulation. The report was sent to federal prosecutors with a recommendation to prosecute.

In March 2018, the TCU rejected a request from the Attorney General's Office (AGU) to freeze assets of JBS and its executives, arguing this could prevent the company from paying its BRL 10.3bn fine, BRL 1.75bn of which is allocated to BNDES. In March 2018, Folha reported that federal prosecutors are preparing to charge JBS with causing BNDES losses beyond the 1.75bn. Prosecutors in the Bullish investigation are not bound by J&F Investimentos' leniency agreement.

Operation Sepsis: Bribery to obtain financing from Caixa fund FI-FGTS (2016–present)

The federal police's Operation Sepsis examines bribery related to financing from infrastructure fund FI-FGTS, which is managed by Caixa Econômica Federal. The investigation was prompted by the plea bargain of former Caixa vice-president Fábio Cleto. In 2012, Eldorado issued BRL 940m in debentures to FI-FGTS, with the proceeds used to build a pulp production unit in Mato Grosso do Sul state. According to a court document, in 2012 and 2014 Eldorado paid BRL 37.4m in bribes via two companies owned by lobbyist Lúcio Funaro, with the money being distributed among Funaro, Cleto and former lower house president Eduardo Cunha. Funaro confirmed the bribery scheme in his plea bargain, adding that bribes were also shared with president Michel Temer and former minister Henrique Eduardo Alves.

In July 2016, federal police raided the offices of Eldorado and the house of Joesley Batista, and arrested Funaro. In October 2017, after a plea bargain, Funaro was sentenced to two years in prison and 28 years under house arrest, and fined BRL 45m. Cunha was arrested in October 2016 and sentenced to 14 years in prison in November 2017 for his involvement in other cases. Alves was preventively arrested in June 2017. In January 2018, prosecutors asked a federal court to sentence Cunha to 386 years and Alves to 78 years in prison.

J&F's April 2017 leniency agreement involved Sepsis prosecutors, and allocates BRL 500m in compensation to FI-FGTS.

Operation Greenfield: Overpayment for JBS shares by pension funds Funcef and Petros (2016–present)

In September 2016, federal police announced the Operation Greenfield investigation into 10 instances of fraud related to investments by four pension funds including Petros (Petrobras) and Funcef (Caixa Econômica Federal). According to court documents, Petros and Funcef equity investments made via investment funds (Fundos de Investimento em Participações or FIPs) were based on inflated valuations. One of the instances investigated was the 2009 purchase of a 50% stake in Florestal do Brasil, via FIP Florestal, by Petros and Funcef for a total of BRL 550m (Florestal do Brasil was incorporated into Eldorado in 2011). Funcef and Petros also held shares of JBS between 2008 and 2010 via Fundo de Investimento em Participações PROT (FIP PROT), which acquired a 14.3% stake in JBS for BRL 1.4bn.

Police detained Wesley Batista for questioning on 5 September 2016. The next day, he and Joesley were barred by a federal court from holding management roles, but were allowed to return to their jobs on 14 September after reaching a deal with prosecutors to provide BRL 1.52bn in guarantees by 21 October. José Batista Júnior and José Batista Sobrinho were named interim CEO and chairman of JBS in the interval. In February 2017, prosecutors filed a petition asking a federal court to cancel the deal with Joesley and Eldorado CEO José Carlos Grubisich Filho, claiming that Eldorado had violated principles of good faith by claiming to hold an independent audit of Eldorado, which in reality attempted to discredit investigations. According to prosecutors, the audit was done by impartial committee members, and attempted to justify payments made by Eldorado to lobbyist Lúcio Funaro by claiming that J&F Investimentos had contracts with his companies. Prosecutors also asked the court to freeze J&F's shares of Eldorado, bar the executives from holding positions at any J&F company and suspend all Eldorado directors until the end of the investigation. In the document, prosecutors accepted Wesley's defense arguments that he was not involved with the transactions, since he had never been part of Eldorado's management. In 31 March, the court accepted the requests except for the suspension of the board of the company. In September 2017, after the ratification of J&F's leniency agreement, the same court unfroze J&F's shares of Eldorado so that the proceeds from the sale of Eldorado to Paper Excellence could be used to repay J&F's debt. Funcef and Petros exercised their tag along rights to sell minority stakes in Eldorado to Paper Excellence.

Mário Celso Lopes, a shareholder of Eldorado until 2012, was temporarily detained in March 2017 in relation to alleged fraud in a BRL 190m contract between Eldorado and a company owned by Lopes, Eucalipto Brasil SA. According to prosecutors, the contract favoured Lopes in the detriment of Funcef and Petros.

In his 2017 plea bargain, Joesley revealed that JBS paid bribes to Petros CEOs including Wagner Pinheiro (2002-2010), Luis Carlos Afonso (2011-2014), Carlos Costa (2014 -2017), and to Funcef CEO Guilherme Lacerda (2003-2010). According to Joesley, he established a 1% kickback rate for transactions with Pinheiro and Lacerda in 2008, and this was maintained by Pinheiro's successors. Lacerda was temporarily detained in September 2016 and denies receiving bribes from JBS.

J&F's April 2017 leniency agreement involved Greenfield prosecutors, and allocates BRL 3.5bn to Funcef and Petros.

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<p>Mato Grosso state bribery for tax benefits (2014–present)</p>	<p>In 2014, a state court froze BRL 73.5m of JBS assets in relation to tax benefits illicitly received by the company between 2008 and 2012, according to press reports. In September 2016, the Supreme Court of Justice approved an agreement between JBS and state prosecutors in which JBS paid BRL 360m to end the administrative improbity case and unfreeze assets.</p> <p>In March 2018, the Mato Grosso state Comptroller General opened administrative proceedings against JBS for bribery of state officials for tax benefits, as admitted in Joesley Batista and Silval Barbosa's plea bargains. If found guilty, JBS could pay fines up to 20% of annual revenue and be banned from signing government contracts for up to five years, according to the Comptroller General's Office.</p>
<p>Banco Original: criminal charges for financial violations (2011–present)</p>	<p>On 19 January 2016, the Federal Court of São Paulo accepted a criminal complaint by federal prosecutors against Joesley Batista and others related to alleged violations of financial system laws, according to Eldorado disclosures. Prosecutors claimed that Banco Original used an indirect structure to illegally make loans to group companies. In 2011, Banco Rural (which is not controlled by the Batista family) lent BRL 80m to J&F and Flora, while Banco Original lent the same amount to Trapézio SA, a holding company that controlled Banco Rural. At the time, Banco Rural was under pressure from Brazil's central bank to increase its capital ratio. In 2014, the transaction was investigated by the Central Bank, and Banco Original was ordered to pay a fine. In his 2017 plea bargain, Joesley said the transaction was aimed at preventing Banco Rural's bankruptcy, as the bank was important to the Workers' Party and to J&F companies. Joesley said that he discussed the deal with then-finance minister Guido Mantega. In May 2017, a central bank auditor was placed indefinitely at Banco Original.</p>
<p>Anti-trust fines and acquisition of JBS competitor by JBJ Agropecuária (2007–present)</p>	<p>In April 2013, Brazil's anti-trust authority (CADE) issued a report warning that of JBS' last 12 acquisitions, seven had not been reported to CADE within the legally mandated period. CADE imposed fines of BRL 7.4m, and ordered JBS to report all future acquisitions, including deals that did not meet the usual criteria for mandatory reporting.</p> <p>In December 2014, JBJ Agropecuária, a company controlled by José Batista Júnior, acquired Fratelli Dorazio Investimentos SA, which controlled distressed Brazilian JBS competitor Mataboi Alimentos SA. The deal was only reported to CADE in November 2016, outside the legally mandated period. In December 2016, CADE imposed a BRL 664,000 fine on JBJ Agropecuária, and mandated that shareholders of JBJ not hold positions at JBS. In October 2017, CADE rejected the Fratelli Dorazio acquisition and ordered the deal reversed within 30 days. The agency said that because the shareholders of JBJ and JBS were related, and José Batista Júnior was temporarily appointed CEO of JBS in 2016, JBS and JBJ were affiliated. CADE also noted that Mataboi CEO José Augusto Carvalho worked at JBS until January 2015. In March 2018, JBJ appealed and obtained an injunction pending a final ruling by a federal court.</p> <p>In 2007, several meat processing companies including JBS signed an agreement with CADE to end an investigation into collusion between the companies, with JBS paying a BRL 13.7m fine. In September 2017, CADE's superintendence (which makes recommendations to the body's board of commissioners) recommended José Batista Júnior be found guilty of "cartel formation in the purchase of cattle in Mato Grosso, Mato Grosso do Sul, Minas Gerais and São Paulo states". The superintendence also recommended the case be sent to federal prosecutors. The decision was based on a recording in which José Batista Júnior discusses cattle price fixing with other meat companies. José Batista Júnior denied the allegations.</p>
<p>Carne Fraca investigation: bribery of Agriculture Ministry officials (2017)</p>	<p>On 17 March 2017, the federal police's Operação Carne Fraca (Weak Flesh) exposed bribery of Ministry of Agriculture officials by more than 30 meat processing companies, including JBS, in exchange for certification for sale of rotten and tainted meat. JBS suspended slaughtering for three days in 33 units, and later reduced its production by 35%, according to O Globo. Police arrested JBS executive Flávio Cassou, who was released in December 2017 after signing a plea bargain with prosecutors. He confirmed having paid BRL 20,000 in monthly bribes to a Ministry of Agriculture official and said that a portion of the bribes was transferred to PMDB politicians. JBS exports suffered from a temporary ban on Brazilian meat imports by several countries.</p>
<p>Bertin merger fraud allegations and dispute over Blessed Holdings (2009–2017)</p>	<p>In 2009, JBS announced a merger with beef producer Bertin SA. Bertin was incorporated into JBS, in which the Bertin family initially received a 28.7% indirect stake. The stake was held via Bracol Holding Ltda (renamed Tinto Holdings) and Delaware-based Blessed Holdings LLC, which together wholly owned Bertin Fundo de Investimentos em Participações (FIP Bertin, renamed FIP Pinheiros). FIP Bertin in turn held a 48.51% stake in FB Participações SA, a holding company co-owned by the Bertin and the Batista families, which held a majority stake in JBS.</p> <p>In June 2013, Tinto Holdings filed a lawsuit against J&F Investimentos in a São Paulo civil court claiming 348,300 shares of FIP Bertin had been illegally transferred to Blessed Holdings, and alleging that the entity was owned by the Batista family via proxies. The Bertin family also alleged the shares were worth BRL 900m but were sold in November 2010 for BRL 17,000, using forged signatures of Bertin family members. A judge blocked the sale of shares and securities regulator CVM asked JBS to clarify the identity of Blessed's shareholders. JBS said that Blessed Holdings was controlled by Cayman Islands-based Lighthouse Capital Insurance Co and Puerto Rico-based US Commonwealth Life, both majority-owned by Colin Murdoch-Muirhead.</p> <p>In December 2013, the Batista and Bertin families signed an agreement to end the dispute, and swap FIP Bertin's indirect stake in JBS into a 24.75% stake in J&F. The stake was sold to other Batista family holding companies in 2014 for an undisclosed amount. In December 2014, federal tax authorities opened administrative proceedings against Bertin family holding company Tinto Holdings in the Administrative Council of Fiscal Resources (CARF) for alleged tax fraud in the merger with JBS, and ordered Tinto Holdings to pay BRL 3.1bn in back taxes and fines. Tax authorities claimed to have found irregularities in the pricing of shares in the merger, and alleged that the deal had harmed minority shareholders of JBS. In addition, CARF said the acquisition has been carried out through an illegal structure, using an investment fund to evade taxes. Tinto Holdings appealed, and in April 2017 CARF confirmed its decision and raised the amount to BRL 4bn. Tinto Holdings can still appeal in the CARF's Superior Chamber. In May 2017, prosecutors asked a court to cancel the deal between JBS and Bertin, on the grounds that it involved tax fraud.</p> <p>In May 2017, an examination of Joesley and Wesley Batista's tax returns by prosecutors during leniency agreement negotiations revealed that they owned Blessed Holdings. Questioned by the CVM, JBS said on 24 May 2017 that it had not received notice of changes in the shareholdings of Blessed Holdings, suggesting that it was still owned by Lighthouse Capital Insurance and US Commonwealth Life. On 26 May, JBS issued a press release stating that after consulting Wesley and Joesley Batista, it had discovered that the siblings bought Blessed Holdings on 31 October 2016.</p>

DEBTWIRE COVERAGE

14 Mar 2018	JBS facing possible BRL 3bn lawsuit over BNDES loss - report (translated)
13 Mar 2018	JBS targeted in administrative proceedings opened by Mato Grosso State Comptroller General (translated)
13 Mar 2018	JBS: Batistas unlawfully gained BRL 73m from insider trading (translated)
12 Mar 2018	BNDES in negotiations to sell stake in JBS - report (translated)
11 Mar 2018	JBS co-owner Joesley Batista released from jail (translated)
08 Mar 2018	BRF shareholders Petros, Previ investigated for allegedly appointing directors linked to rival JBS - reported rumor (translated)
02 Mar 2018	BNDES wants Batistas removed from JBS executive board, board of directors - reported rumor (translated)
26 Feb 2018	JBS: AG asks Supreme Court to cancel Wesley Batista's plea bargain agreement (translated)
25 Feb 2018	JBS parent J&F to begin leniency agreement renegotiation on 27 February - report (translated)
21 Feb 2018	JBS: Pilgrim's Pride prices USD 500m 2025, 2027 reopening
21 Feb 2018	JBS co-owner Wesley Batista to be released from jail (translated)
19 Feb 2018	JBS owners deny negotiations to talk about judicial system involvement in plea bargain (translated)
16 Feb 2018	JBS targeted in CVM investigation (translated)
15 Feb 2018	JBS owner asks Supreme Court to ratify plea bargain (translated)
08 Feb 2018	JBS in debt extension talks with creditor banks - report (translated)
01 Feb 2018	JBS prices USD 900m 10NC5 bond, at 6.75% yield
01 Feb 2018	JBS USA proposed USD 700m notes rated 'B' - S&P
01 Feb 2018	JBS sets 6.75%-area IPT for new USD 700m 2028 bond
01 Feb 2018	JBS to sell USD 700m in 2028 notes to refi 2020s
19 Jan 2018	JBS raises BRL 4.8bn from divestment plan, BRL 1.2bn less than expected - reported rumor (translated)
18 Jan 2018	JBS USA to sell Five Rivers Cattle Feeding to Pinnacle Asset Management
24 Dec 2017	JBS parent J&F's leniency agreement to be renegotiated with MPF - reported rumor (translated)
19 Dec 2017	JBS: Brazilian AG asks Supreme Court to ratify plea bargain cancellation (translated)
13 Dec 2017	Eldorado suitor Paper Excellence raises stake to 47.45%

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