

# Construction company agrees US\$126 million settlement in Peru

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Graña y Montero's successor company has reached a plea deal with Peruvian authorities to resolve an investigation into corruption allegations stemming from Brazil's Operation Car Wash.

Peru's attorney general's office **announced** on 21 May that it and the national public prosecutor's office agreed to an in-principle plea deal with the construction and engineering company, now known as Aenza, where it will pay 480 million Peruvian *soles* (\$126 million) over 12 years and drop a series of legal claims against the Peruvian government.

Aenza relied on counsel from Peruvian law firm Hernández & Cía Abogados for the matter.

Aenza, which changed its name from Graña y Montero in November, will admit that the company, two of its subsidiaries, and six former executives committed corruption in connection with 16 public infrastructure projects, according to the attorney general's office.

These construction projects included the South Peruvian Gas Pipeline, one Lima Metro line and a number of motorways, the office said. The company's lawyers said in an emailed statement to Latin Lawyer's sister publication *Global Investigations Review* that in five of the projects, Graña y Montero partnered with embattled Brazilian construction company Odebrecht.

before it will be submitted for judicial approval.

"The plea agreement is a milestone in the history of our country given that it tackles the largest corruption scandal in [the republic's] history," said Juan Luis Hernández at Hernández & Cía, who acted for the company, in an emailed statement to *Global Investigations Review*. "It has been a tough process, in which we have had full support of the new administration of the company, both board of directors and CEO," Hernández added.

If the court signs off on the deal it will be the second corporate settlement reached in Peru, after the \$180 million settlement with Brazilian construction company Odebrecht that the attorney general's office announced in 2020. That resolution came a year after the company had **signed** a collaboration agreement with Peruvian prosecutors, as part of which it admitted to various instances of corrupt conduct.

The attorney general's office said that the fine will cover the financial damage that Aenza's corruption caused to the Peruvian government in the 16 projects it carried out, and in 48 other public tenders where it submitted false bids to help other construction companies win them.

In addition to dropping current outstanding legal claims, the company has also agreed to bring no more claims linked to the projects mentioned in the settlement in the future. The attorney general's office added the company must also implement an anti-corruption compliance programme and submit annual reports to the public prosecutor's office for an unspecified period of time.

Peruvian prosecutors opened a formal investigation into Graña y Montero in early 2018. The company's lawyers said it began negotiating a settlement with Peruvian authorities in December of that year.

"Our legal team worked for 29 months designing the legal strategy that contemplated criminal and corporate aspects, running thorough internal investigations that ended with this plea agreement," said Gonzalo del Río at Hernández & Cía Abogados in Lima in an emailed statement.

Graña y Montero agreed in July 2020 to pay \$20 million to settle a US classaction lawsuit brought by a group of disgruntled investors who claimed the company had violated US securities laws by failing to disclose its role in the Odebrecht bribery scheme.

Aenza partnered on multiple public works projects with Odebrecht between 2005 and 2011, and investors claimed that the Peruvian company knew about various bribes Odebrecht paid to secure the projects, including a \$20 million bribe to former President Alejandro Toledo.

## Counsel to Aenza

### In-house counsel:

Renzo Arbocco, Daniel Urbina and Ana Ferrucci

### Hernández & Cía Abogados

**Partners:** Juan Luis Hernández, Gonzalo del Río and Alfredo Filomeno