



**MINISTRY OF JUSTICE
SECRETARIAT OF ECONOMIC LAW
COMPETITION DIVISION**

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FOR IMMEDIATE RELEASE

**CARTELS: SDE RAIDS FOUR LOCATIONS TO COLLECT EVIDENCE
ABOUT ALLEGED SAFETY REVOLVING DOOR CARTEL**

BRASILIA — Four companies were simultaneously dawn raided on November 19, 2008, for their alleged role in a conspiracy to rig bids in procurement procedures organized by banks, specially Banco do Brasil, the federal government owned bank. The operation took place in the cities of Taquara (RS), Caxias do Sul (RS), Paulo Lopes (SC) and Rio de Janeiro (RJ). Around 40 officers took part in the dawn raid exercises, among SDE staff and members of the Secretariat of Economic Monitoring (SEAE) and the Federal Police. The operation was named “Ciranda” (“Ring-around-the-rosy”) in reference to the movement of the doors.

The Secretariat received an anonymous tip by email about the alleged cartel in August 2008, and, based on that, analyzed the behavior of the bidders in procurement procedures conducted electronically by *Banco do Brasil*. Such analysis indicated an anomalous pattern that was incompatible with truly competitive bids.

According to the Director of the Competition Division of the SDE, Ana Paula Martinez: “the operation shows the increased ability of SDE to tackle bid rigging, which is counting with the cooperation and assistance of a number of different bodies, including the Federal Police, and at the international level, the Organization for Economic Cooperation and Development (OECD).”

Paulo Casagrande, head of the Public Procurement Unit of the Competition Division, complements: “In a relatively short period of time – three months – it was possible to verify the veracity of the tip, identify the troubled bids and the alleged conspirators, coordinate with the Federal Police and the Federal Attorney’s Office and obtain the judicial orders.”

The fact that the Secretariat of Economic Law conducted dawn raids does not mean that all the companies and individuals under investigation are guilty of anticompetitive behavior. The SDE respects the rights of defense, and the right of companies to be heard during the proceedings.

The Antitrust law and practice in Brazil is governed primarily by Law No. 8.884, of 1994, as amended in 2000. The Brazilian antitrust system is composed of three agencies -- namely, the Secretariat for Economic Monitoring of the Ministry of Finance (SEAE), the Secretariat of Economic Law of the Ministry of Justice (SDE), and the Administrative Council for Economic Defense (CADE). SDE is the chief investigative body in matters related to anticompetitive practices and it also issues non-binding opinions in merger cases. SEAE issues non-binding opinion in merger review and it may also issue non-binding opinions related to anticompetitive practices. CADE is the administrative tribunal, composed of seven Commissioners, which makes the final rulings in connection with anticompetitive practices and merger review. Criminal provisions are governed primarily by Law No. 8.137/90.