PSA

DUE DILIGENCE • INVESTIGATIONS • ADVISORY

Regional Bribery and Corruption Trends Report:

PART 2 - LATIN AMERICA 2025

Table of Contents

About PSA

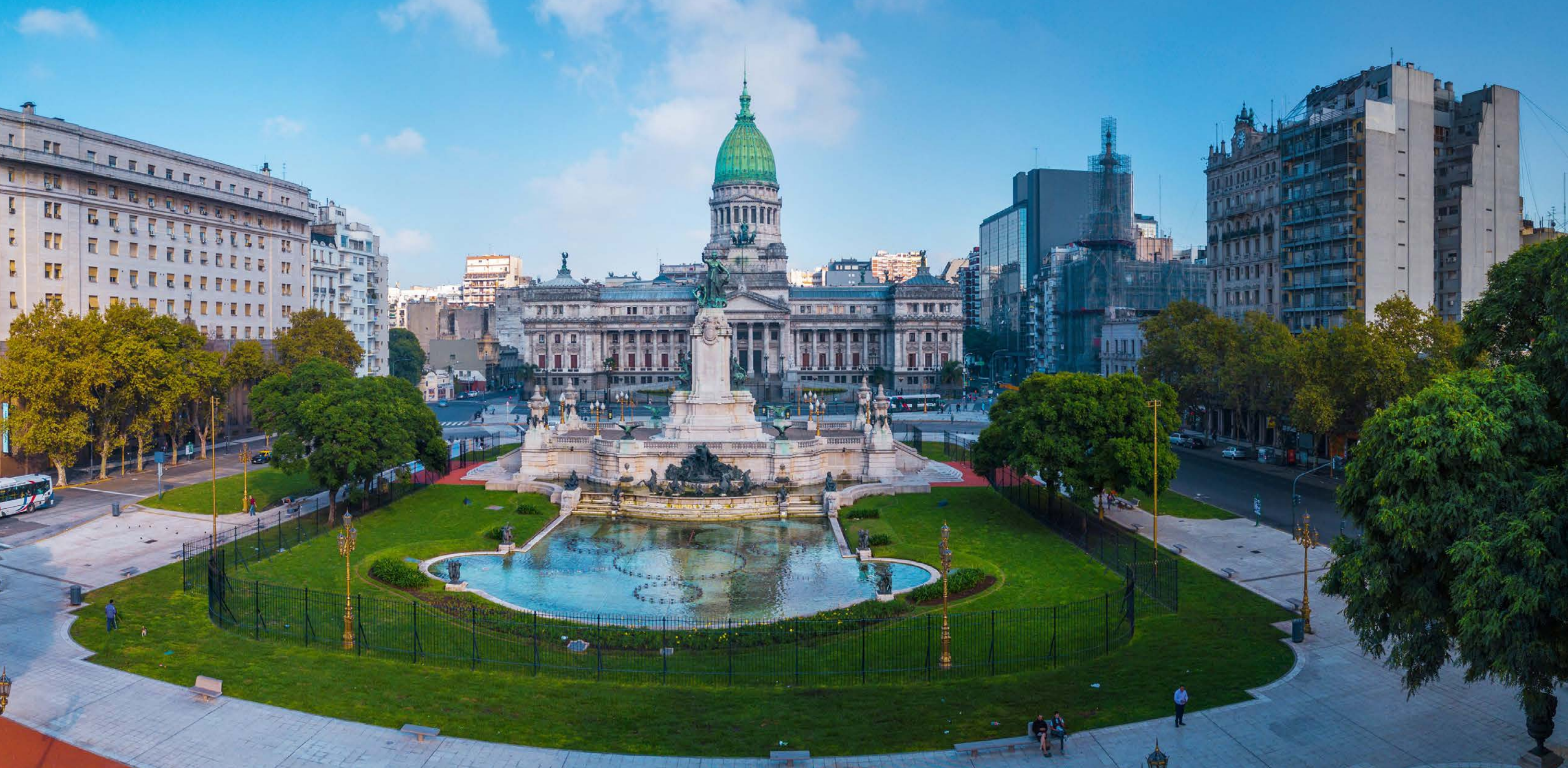
PSA is a global specialist risk consultancy, delivering critical information to our clients through our three core service lines: **Due Diligence, Investigations,** and **Advisory**. We operate where our clients do business, with regional offices staffed by investigators and responders who have extensive in-region experience gained from professional backgrounds in corporate investigations, government intelligence and law enforcement. PSA is committed to the idea that everything we do is driven by value-added human analysis. We put findings in context and deliver insight, not just information. With offices located throughout the globe, PSA's team is positioned to provide insight and analysis on subjects anywhere in the world.

In 2024, PSA has engaged in investigative and due diligence activities in more than 161 countries on six continents.

COUNTRIES PSA HAS OPERATED IN:

- Projects completed in the last 5 years.
- Projects completed in the last 2 years.

For research in comprehensively sanctioned countries, PSA's work is appropriately restricted to media and dataset reviews.



About This White Paper

This second installment in PSA's Regional Bribery and Corruption Trends series examines the evolving anti-bribery and corruption (ABAC) environment across Latin America. Building on insights from Part I (Asia Pacific), the paper analyzes regulatory developments, enforcement trends, and practical compliance risks confronting multinational organizations. Drawing on PSA's investigative experience and regional intelligence network, the findings underscore a familiar tension: progress in policy reform, tempered by persistent institutional fragility.

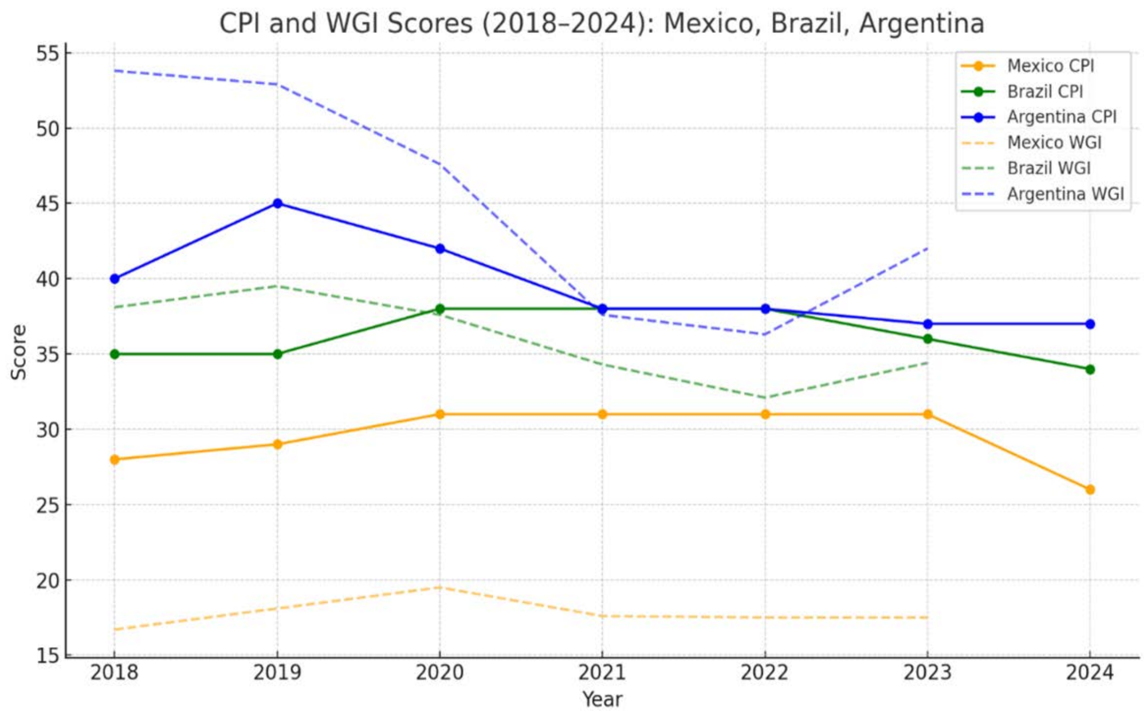
> *"the paper analyzes regulatory developments, enforcement trends, and practical compliance risks confronting multinational organizations"*

LATIN AMERICA REGIONAL OVERVIEW

Transparency International's Corruption Perceptions Index (CPI) scores for the Latin American ("LATAM") countries of Argentina, Brazil, and Mexico have remained largely comparable amongst each other between 2018 and 2024. This pattern differs slightly from the World Bank's Worldwide Governance Indicators (WGI) for Control of Corruption for the same jurisdictions, which graded Mexico ~13 points below its CPI score in 2023; while Argentina was graded 13.8 points above its CPI score in 2018. Nonetheless, from 2018 to 2024, both indicators identified a noticeable downward trend in the scores of these LATAM countries, signaling a decline in regulatory enforcement, transparency, and governance. Following a regional overview of jurisdictional trends, we will unpack each jurisdiction's specific legislation and the impacts to local corruption trends.

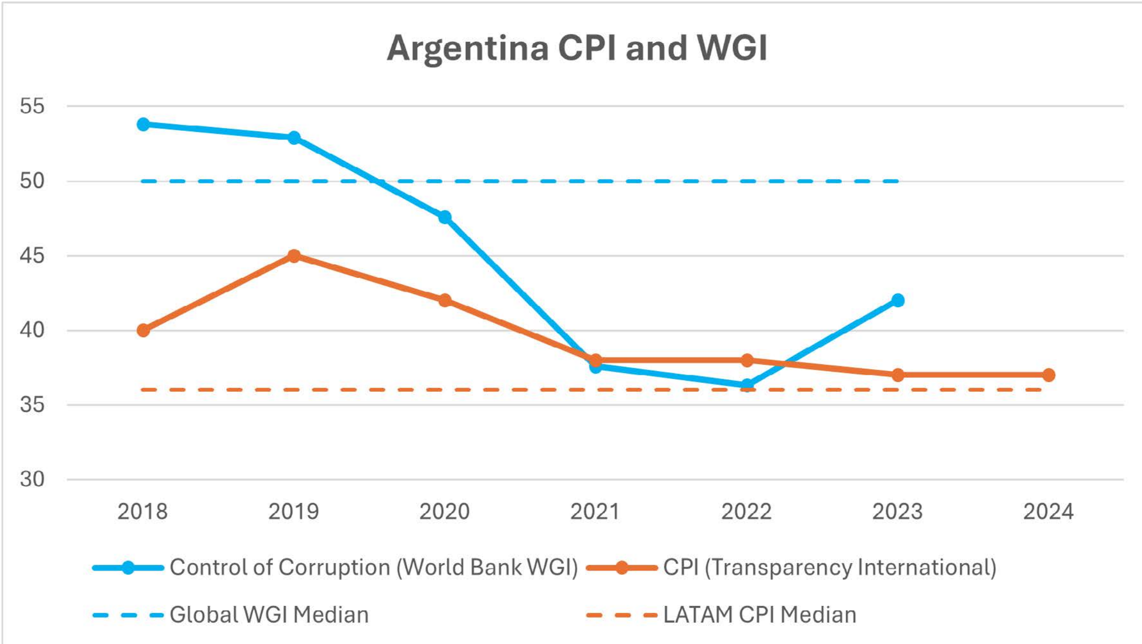
The 2023 CPI and WGI scores for these three countries are indicative of persistent governance challenges, with Mexico (CPI: 31, WGI: ~17), Brazil (CPI: 36, WGI: ~34), and Argentina (CPI: 37, WGI: ~42) signaling stagnant or declining anti-corruption progress. These trends underscore systemic vulnerabilities, including political interference, judicial inefficiencies, and selective enforcement of laws and regulations that erode regulatory effectiveness. Corporate accountability frameworks, such as Mexico's General Law of Administrative Responsibilities, Brazil's Clean Company Act, and Argentina's Corporate Criminal Liability Law, establish compliance obligations, yet inconsistent enforcement limits their impact. Recent reforms—such as Mexico's anti-corruption secretariat restructuring, Brazil's legislative updates, and Argentina's anti-money laundering (AML) legislations—signal intent to strengthen Anti-Bribery and Corruption (ABAC) mechanisms. Still, Transparency International's 2023 CPI report notes that limited judicial independence and entrenched impunity, especially in public sector corruption cases, continue to hinder progress across LATAM.

Sectoral risks and jurisdictional complexities further complicate ABAC enforcement in the region. In Mexico, procurement-related corruption remains entrenched within state-owned enterprises, such as in oil company Pemex and the Federal Electricity Commission, and it is further exacerbated by organized crime's influence in the infrastructure and mining industries. In Brazil, the rollback of several high-profile anti-corruption convictions has raised concerns about judicial deterrence and the broader enforcement landscape. Meanwhile, Argentina's protracted Cuadernos Scandal underscores structural inefficiencies in prosecuting high-profile bribery cases linked to public works contracts. For multinational corporations operating in LATAM, these dynamics necessitate robust due diligence, enhanced internal controls, and proactive compliance actions to mitigate exposure. As economic volatility and shifting political landscapes shape the region's regulatory environment, sustained ABAC progress will depend on stronger enforcement mechanisms, independent regulatory oversight, and enhanced cross-border cooperation.



Regional Overview: ABAC Landscape in Argentina, Brazil, and Mexico

COUNTRY SPECIFIC OVERVIEWS | ARGENTINA



Benchmarking Control of Corruption & Governance Performance Analysis

Argentina's Corruption Perceptions Index (CPI), as reported by Transparency International, declined from 45 in 2019 to 37 in 2024, signaling a marked deterioration in perceived public sector integrity. This eight-point drop appears to reflect growing political interference in anti-corruption institutions, weakened judicial independence, and diminished trust in regulatory frameworks. The World Bank's Control of Corruption indicator score for Argentina corroborates this trend, falling from 52.9 in 2019 to 42 in 2023, placing Argentina below the regional median for institutional integrity.

ABAC Regulatory Framework & Enforcement Gaps

Argentina's ABAC framework is anchored in several key statutes. Bribery facilitation payments and influence peddling are criminalized under the Argentine Criminal Code (Código Penal de la Nación Argentina), which serves as the core ABAC legislation in the country. Additionally, the Corporate Criminal Liability Law (Ley de Responsabilidad Penal Empresaria, Law 27.401) mandates that entities engaged in public contracting institute robust internal compliance programs, while also imposing criminal liability for acts of bribery. Penalties include fines, suspension of operations, and debarment from government tenders. The Public Ethics Law (Ley de Ética Pública, Law 25.188) requires asset disclosure for public officials, while also prohibiting a range of activities relating to conflicts of interest and illicit enrichment. Despite having a relatively comprehensive ABAC legal framework, the enforcement of these laws is uneven Argentina – due in part to political interference, as well as resource and capacity constraints within the country's anti-corruption bodies. This is particularly evident with the National Anti-Corruption Office (Oficina Anticorrupción, OA), which is tasked with investigating public sector corruption. Due to recent budgetary cuts and political appointees, the OA's autonomy has been severely limited, reducing its ability to pursue high-profile cases independently.

Transparency International's 2024 CPI analysis report attributed this decline to executive measures curtailing public access to government information and redefined the boundaries between public and private data. Argentina's Ley 25.326 states that the same data-protection rules apply regardless of whether the data resides in a public institution or a private one. The concept of public information is not entirely separate from personal data, and grants protections over personal data held in public archives. Thus, the expansion of executive branch oversight in regulating the release of restricted information has deteriorated the quantity and quality of executive branch responses to requests for information. These restrictions have eroded transparency, heightened governance risks, and undermined anti-corruption efficacy in Argentina.

Despite reforms to Argentina's money laundering legislation, which have strengthened financial reporting requirements, selective enforcement of these laws has undermined their efficacy. Recent legislative changes include revisions of Argentina's Anti-Money Laundering and Terrorist Financing Law No. 25.246 in 2024, which greatly expanded the list of entities required to report financial transactions and conduct customer due diligence. Law 26.683 – which expanded the capabilities of the Financial Intelligence Unit (Unidad de Información Financiera) in 2011 – and the implementation of Financial Action Task Force Recommendation 24 in 2022, both promoted greater beneficial ownership transparency and the expansion of reporting obligations of private entities.

Jurisdiction-Specific ABAC Challenges

Corruption in Argentina is entrenched in patronage networks connecting political elites, business leaders, and judicial actors. These networks, which thrive on state contracts and regulatory favoritism, are perpetuated by a legacy of state interventionism in the private sector – which is itself a legacy of former Argentine president Juan Domingo Perón. While public sector involvement in the private sector was common prior to the election of Perón, it was only after Perón's ascendance that state interventionism became institutionalized within Argentina's economic system. Through a series of reforms carried out through the 1940s and 1970s, the Perón government significantly expanded government funding in the private sector, which in turn incentivized rent-seeking practices over productive economic activities. Heavy state involvement in strategic sectors— such as energy, infrastructure, and finance—has fostered an environment dominated by state-owned enterprises (SOEs), where opaque procurement processes and preferential treatment for politically connected firms pose systemic risks. This

is notably the case for the energy sector, where contracts often bypass competitive bidding process. Judicial inefficiencies further compound the challenges of bribery enforcement. The Comodoro Py federal courts, the epicenter of high-profile corruption trials, are notorious for protracted delays, procedural maneuvering, and selective prosecution. The 2018 Cuadernos Scandal—a bribery scheme implicating construction firms and senior officials during the administrations of former Argentine Presidents Cristina Elisabet Fernández de Kirchner and Néstor Carlos Kirchner between 2003 – 2015—exemplifies this dysfunction. Despite extensive evidence of kickbacks, which reportedly exceeded USD 160 million, progress has stalled in this case – due to judicial inertia and alleged political pressure, with few convictions having been processed as of 2025.

However, the inconsistent application and monitoring of these laws, including for politically exposed persons (PEPs) and non-finance profession with a nexus to money laundering (e.g., lawyers, accountants, real-estate agents), enables the continued facilitation of illicit financial flows. Argentina's economic volatility, characterized by high inflation rates (200% in 2023) and recurring debt crises, have led to the proliferation of informal economic networks. These networks, which can be used to evade regulatory oversight and bypass capital controls, greatly exacerbate corruption risks. The frequent turnover of officials has also weakened long-term anti-corruption efforts, as successive administrations reshuffle the leadership at key enforcement bodies to align with their political agendas, disrupting institutional continuity and internal capacity building.

Notable Corporate Corruption Cases

- Odebrecht Argentina Bribery Case (2018-Present) – USD 800M Global Fine: The Argentine branch of Brazilian construction giant Odebrecht was implicated in Operation Lava Jato, a transnational corruption probe into bribery schemes involving illicit payments to secure public infrastructure contracts. As part of a global resolution, the company agreed to pay approximately USD 800 million in fines across multiple jurisdictions, though investigations in Argentina remain ongoing due to unresolved legal proceedings against local officials and continued scrutiny of additional bribery allegations.
- Stericycle Argentina FCPA Settlement (2022) – USD 84M Fine: US-based waste disposal company, Stericycle Inc., admitted to bribing government officials in Argentina, Brazil, and Mexico to obtain and retain business, using fake invoices and illicit payments disguised as legitimate expenses. In 2022, the company agreed to pay USD 84 million to resolve violations of the Foreign Corrupt Practices Act (FCPA).

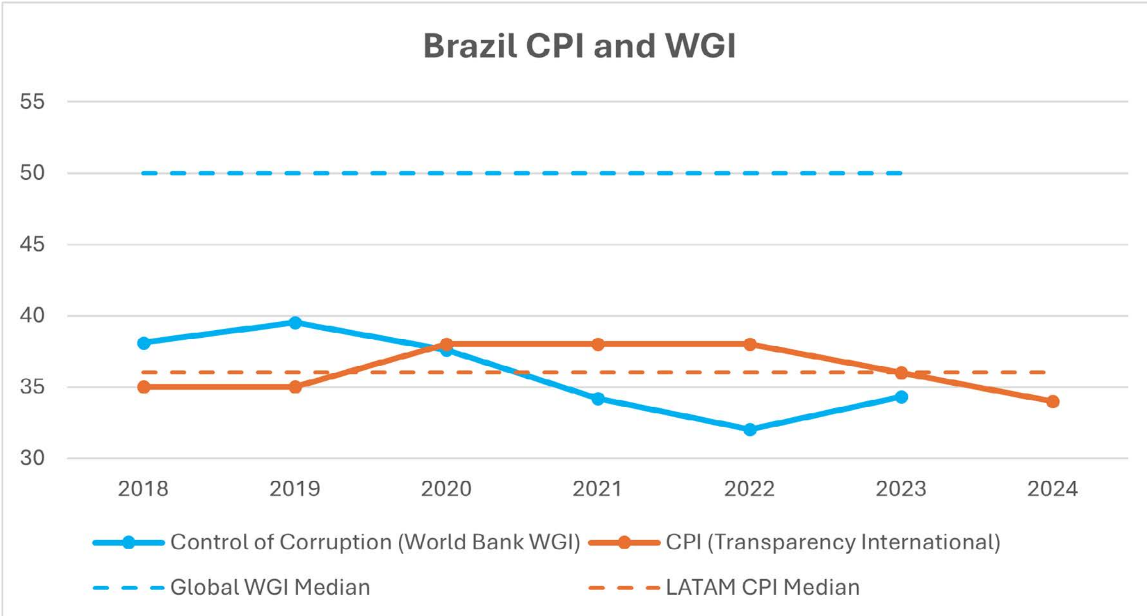
- Industrias Metalúrgicas Pescarmona S.A. (IMPSA) Procurement Fraud Investigation (2023): Industrias Metalúrgicas Pescarmona S.A. (IMPSA), a prominent Argentinian energy and engineering SOE, faced scrutiny over potential irregularities in public procurement contracts in the Philippines. Allegations included possible bid-rigging and illicit payments to secure state projects, reflecting broader governance challenges and corruption risks in Argentina's public procurement system. The case was closed due to a lack of cooperation between Argentine and Philippine regulatory authorities.

PSA CASE STUDIES:

- **Corruption Assessment into Manufacturer in Argentina**
  PSA conducted due diligence research on a global agribusiness company in Argentina. PSA's research identified allegations of tax evasion, customs fraud, and offshore profit routing. The company failed to pay around USD 1 billion in taxes, with a 2023 government probe indicating that around USD 4 million worth of exports were over-invoiced. Further research identified the company's association with a former government minister, who helped the company manipulate export declarations.
- **Analysis on Infrastructure & Public Works Firm**
  PSA conducted due diligence research into a multinational Argentinian construction firm. PSA's research found that the firm had been implicated in a bribery scheme related to public contracts. The company allegedly paid around USD 35 million in bribes to Argentinian government officials between 2007–2014. PSA's research further found that the Argentinian Federal Prosecutor's Office (Ministerio Público Fiscal) and the National Anti-Corruption Office (Oficina Anticorrupción) identified the company's involvement in bid manipulation, illicit payments, an off-the-books transactions, as part of a 2018 probe that exposed detailed records of corruption in Argentina's construction sector.
- **Research into an Industrial Manufacturing Firm**
  PSA conducted due diligence research on an Argentinian manufacturer, which found that the manufacturer was implicated in allegations of bid-rigging, financial fraud, and political collusion in public contracts. PSA found that the company was flagged for inflated contract values and undisclosed payments by the National Anti-Corruption Office in 2023. PSA was able to link company executives with former public officials, highlighting anti-corruption oversight failures.

CONCLUSION

Argentina's deteriorating corruption metrics and enforcement gaps present elevated ABAC risks for businesses operating in Argentina, particularly those engaging with the public sector or industries dominated by SOEs. Companies face heightened exposure to bribery demands in procurement, regulatory approvals, and judicial proceedings. The interplay of economic volatility and governance weaknesses further amplify these risks, as firms may resort to informal payments to navigate bureaucratic delays or circumvent capital controls. For MNCs, compliance with extraterritorial ABAC regimes (e.g., US FCPA, UK Bribery Act) necessitates robust due diligence, internal controls, and monitoring of third-party intermediaries to mitigate liability.



Benchmarking Control of Corruption & Governance Performance Analysis

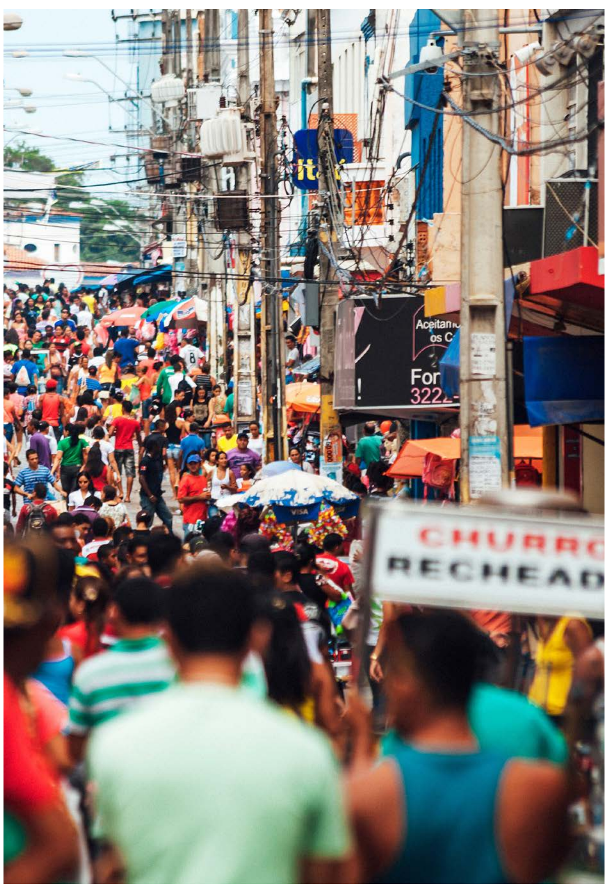
Brazil's Corruption Perceptions Index (CPI) score has exhibited variance over the past six years. After peaking at 38 in 2020, 2021, and 2022, the score declined to 36 in 2023 and further to 34 in 2024. This downward trajectory highlights systemic governance challenges, including political interference in judicial processes, erosion of law enforcement independence, and the reversal of high-profile corruption convictions. Transparency International's 2022 report specifically stated that former President Jair Bolsonaro's policies have weakened anti-corruption safeguards, while the 2023 and 2024 reports raised concerns over judicial impartiality and prosecutorial integrity. The World Bank's Worldwide Governance Indicators (WGI) Control of Corruption metric for Brazil mirrors this trend, declining from 38.1 in 2018 to 34.4 in 2023. This decline also reflects broader governance weaknesses, including the fallout from Operation Car Wash (Lava Jato), a high-profile corruption probe that, between 2014 and 2021, exposed systemic bribery and procurement fraud across Brazil's state-owned oil, construction, and food processing sectors. While the investigation initially exposed large-scale corruption, subsequent revelations of prosecutorial overreach and ethical breaches by investigators have undermined the credibility of the proceedings. These developments have eroded public and investor confidence in Brazil's anti-corruption framework, contributing to its declining governance metrics.

> *"This downward trajectory highlights systemic governance challenges, including political interference in judicial processes, erosion of law enforcement independence, and the reversal of high-profile corruption convictions."*

ABAC Regulatory Framework & Enforcement Gaps

Brazil's ABAC legal framework consists of several key statutes. The Clean Company Act (Lei da Empresa Limpa, Law No. 12,846/2013) imposes civil and administrative liability on corporations for domestic and transnational bribery, holding companies accountable for acts committed by employees or agents. The Public Procurement Law (Lei de Licitações e Contratos Administrativos, Law No. 14,133/2021) mandates enhanced compliance and transparency standards for entities engaged in government contracts. Additionally, Brazil's Criminal Code (Código Penal, Decree-Law No. 2,848/1940) criminalizes individual acts of bribery, including offering, soliciting, or accepting illicit payments, with penalties ranging from fines to imprisonment. These laws prohibit facilitation payments, undisclosed gifts, and bribery.

Compared to regional peers like Mexico and Argentina, Brazil's ABAC framework is more developed, but its effectiveness is undermined by pervasive political influence, judicial inefficiencies, and selective enforcement. The National Anti-Corruption Plan (Plano Nacional de Combate à Corrupção), introduced in 2018, aims to bolster institutional capacity and coordination, yet its rollout has been hampered by delays, resource constraints, and political resistance. Moreover, while amendments to the Clean Company Act have improved corporate liability mechanisms, enforcement remains selective, resulting in regulators and law enforcement struggling to keep pace with increasingly sophisticated corruption schemes.



Jurisdiction-Specific ABAC Challenges

As with other LATAM jurisdictions, political patronage, opaque campaign financing, and bureaucratic inertia all contribute to weak enforcement of ABAC laws in Brazil. Corruption remains entrenched in state-controlled industries, where historical rent-seeking practices date back to the military regime that ruled the country from 1964 until 1985. In 2014, after initial investigations into money laundering operations in Brazil's capital district, Brazilian Federal authorities uncovered numerous instances of corruption, bribery, money laundering, and bid-rigging tied to criminal organizations and private corporations. Operation Car Wash (Lava Jato) was launched soon after, with the investigation revealing the involvement of Brazilian SOEs, public officials, as well as a significant number of private and public entities and individuals throughout Latin America.

The ensuing information eventually gave rise to similar investigations into operations linked to Lava Jato, such as in Peru, Colombia, and Venezuela, and triggered US FCPA investigations. The initial successes, and eventual setbacks, of the Lava Jato operation highlight the unique challenges of tackling corruption in this jurisdiction. Lava Jato, a flagship anti-corruption effort that exposed systemic graft across Brazilian SOEs, ultimately became tarnished by allegations of judicial irregularities and prosecutorial misconduct. Private enterprises, SOEs, and public officials were fined USD 4,750,000,000, as restitution for the embezzlement of public funds. The 2021 annulment of convictions against prominent figures, such as President Luiz Inácio Lula da Silva, former Chief of Staff José Dirceu de Oliveira e Silva, and former governors Sérgio de Oliveira Cabral Santos Filho and Carlos Alberto Richa highlighted a systemic failure to prosecute public officials and the prevalence of prosecutorial misconduct and partiality. High-risk industries—such as infrastructure, energy, and agribusiness—face persistent regulatory gaps, with recent law enforcement investigations uncovering bid-rigging in public infrastructure contracts, bribery in oil and gas licensing, and fraudulent health certifications in agribusiness exports.

Recent Enforcement Cases:

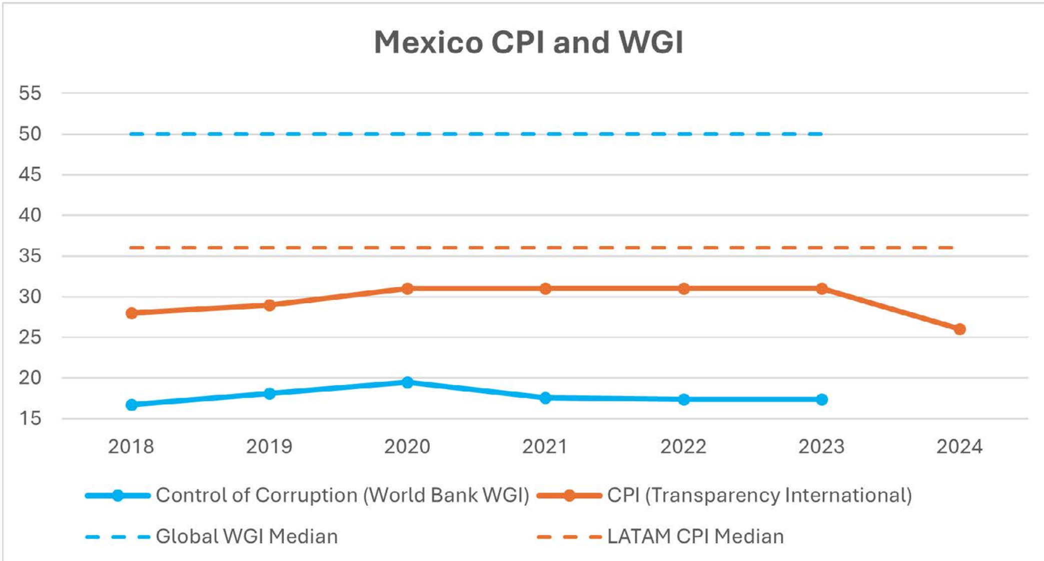
- Trafigura Bribery Case (2024): In 2024, Swiss commodities trader Trafigura resolved a decade-long bribery scheme involving Brazil's state-owned oil company Petróleo Brasileiro S.A. ("Petrobras") executives and its board directors. Trafigura agreed to pay approximately USD 127 million to the US Department of Justice (DOJ) to resolve alleged violations of the FCPA. Brazilian authorities, alongside the US Department of Justice, investigated Trafigura's use of offshore accounts and intermediaries to funnel illicit payments, securing lucrative fuel trading contracts with Brazil's state-owned oil giant.
- Petrobras and Construction Sector Investigations (2023-2024): Between 2023 and 2024, Brazilian authorities continued examining bribery schemes tied to Petrobras and major construction firms, building on the legacy of the Lava Jato operation. These efforts focused on resolving fraudulent procurement practices in public works projects, though they largely extended prior investigations rather than launching entirely new probes. In 2018, Petrobras settled the action for USD 1.78 billion.
- CGU Anti-Corruption Cases (2024): By 2024, Brazil's Comptroller General of the Union (CGU) had concluded over 1,063 administrative proceedings against companies for corruption-related violations, spanning 2014 to 2023. These efforts resulted in fines exceeding BRL 1 billion (USD 188 million), targeting offenses like bribery and fraud in public contracts.

PSA CASE STUDIES:

- **Agribusiness Corruption Probe**
  PSA found widespread bribery in connection to a major agribusiness firm in Brazil's agricultural sector. Searches found that private sector executives paid millions of dollars to public officials for tax benefits and regulatory approvals. It was found that Brazil's Federal Prosecutor's Office (Ministério Público Federal) and Securities and Exchange Commission (Comissão de Valores Mobiliários) imposed fines exceeding USD 3 billion, and led to the incarceration of those involved. PSA was able to identify subsequent national compliance reforms in response to the uncovered corruption scheme.
- **Food Safety and Bribery Scandal**
  PSA conducted due diligence research into Brazilian meat producers implicated in fraud. Research found allegations that the companies' executives had bribed health inspectors to approve expired and contaminated meat, falsify reports, and bypass export regulations. This led to over USD 2 billion in losses, international trade bans, and fines from Brazilian authorities, who also coordinated with US regulators on potential FCPA violations.

CONCLUSION

Brazil's ABAC environment is characterized by a sophisticated legal foundation hampered by persistent enforcement challenges. For businesses operating in or entering the Brazilian market, this translates to heightened compliance risks, particularly in industries reliant on public contracts. The decline in Brazil's governance metrics since 2021 signals a heightening risk profile for operations in this country, necessitating robust due diligence and internal controls to mitigate exposure to bribery and corruption liabilities. Companies must prioritize proactive compliance strategies—such as third-party vetting, transaction monitoring, and instituting whistleblower protections—to navigate Brazil's complex risk landscape effectively.



Benchmarking Control of Corruption & Governance Performance Analysis

Mexico's Corruption Perceptions Index (CPI) score dropped from 31 in 2023 to 26 in 2024, placing it among LATAM's weakest performers. The 2024 CPI analysis report cited regulatory capture, failure to prosecute corrupt officials, and politicized anti-corruption efforts as key factors in Mexico's deteriorating governance metrics. The World Bank's Worldwide Governance Indicators corroborate this transparency stagnation, with Mexico's Control of Corruption score holding steady at 17.5 from 2022 to 2023, reflecting persistent governance deficits despite incremental reforms.

ABAC Regulatory Framework & Enforcement Gaps

Mexico's ABAC regime is anchored in two principal statutes: the General Law of Administrative Responsibilities (Ley General de Responsabilidades Administrativas - LGRA) and the Federal Criminal Code (Código Penal Federal). The LGRA imposes administrative sanctions on public officials for offenses including bribery, influence peddling, and illicit enrichment, while the Federal Criminal Code extends criminal liability to individuals and legal entities, aligning with international standards such as the Organization for Economic Cooperation and Development (OECD) Anti-Bribery Convention. Both frameworks explicitly prohibit facilitation payments and undisclosed gifts, though enforcement remains inconsistent. Moreover, the October 2024 restructuring of the Secretariat of Public Administration into the Secretariat of Anti-Corruption and Good Governance marked a pivotal regulatory shift. Designed to enhance corporate compliance and public sector transparency, this reform reflects the Sheinbaum administration's post-election emphasis on governance. However, the expansion of the executive branch's authority over information transparency and the appointment of senior officials has sparked debate over this institution's independence, with experts questioning its capacity to impartially address systemic corruption. Similarly, recent reforms instituting popular elections for judges, whose proponents argue will increase public accountability, have also raised concerns over judicial independence.

The June 2024 election of President Claudia Sheinbaum has raised concerns over shifting enforcement priorities. Under the Sheinbaum Administration, Mexico has transformed the Secretariat of Public Administration (Secretaría de la Función Pública) into the Secretariat of Anti-Corruption and Good Governance (Secretaría Anticorrupción y del Buen Gobierno) – a flagship reform that aims to enhance anti-corruption oversight, but also raises concerns over the expansion of executive control. The reforms aim to re-assign data protection functions to be fully integrated into the Secretariat of Anti-Corruption and Good Governance. In effect, government functions related to transparency and oversight fall under executive branch jurisdiction, undermining freedom of information. Similarly, judicial reforms, particularly electing judges by popular vote, have sparked fears of politicized judicial rulings.

The introduction of popular elections for judges in 2025 threatens to further erode judicial independence and exposes the judiciary to the politicization and the potential inefficacy of judicial rulings. These weaknesses in judiciary and prosecutorial services obstruct effective anti-corruption enforcement. Additionally, inadequate whistleblower protections stifle internal reporting, while Mexico's Financial Intelligence Unit (Unidad de Inteligencia Financiera - UIF) faces challenges in tracing illicit financial flows tied to corruption. Limited inter-agency coordination, resource constraints, and political pressures hamper efforts to dismantle sophisticated bribery networks.

Challenges in ABAC Enforcement & Persistent Corruption Risks

Mexico presents a challenging environment for ABAC compliance, as it is characterized by entrenched clientelism, regulatory capture, and fragile enforcement institutions. Entities like the state-owned oil company, Petróleos Mexicanos (Pemex) and the Federal Electricity Commission (Comisión Federal de Electricidad - CFE) remain hotspots for procurement-related bribery and licensing irregularities. Recent probes have implicated senior officials at these entities in contract-rigging and embezzlement schemes, including allegations of inflated contracts at Pemex and bribery linked to CFE energy projects. Pemex's strategic importance for the Mexican economy and history of politically driven leadership exacerbate its susceptibility to corruption. The prevalence of systemic corruption in Mexico has allowed criminal networks such as drug cartels to thrive and expand the scope of their organizations to encompass other criminal activities, such as extortion, kidnapping, and human trafficking. Mexican regulators are unable to dismantle criminal organizations due to selective enforcement and the collusion and coercion of public servants with the cartels.

Key Enforcement Cases & Trends

- Pemex-Vitol Bribery Case (2020-2023):
  Energy trading firm Vitol Inc. admitted to bribing Pemex officials between 2017 and 2020 to secure fuel supply contracts, part of a broader corruption scheme spanning multiple countries related to Operation Lava Jato. In 2020, the company settled with the US Department of Justice and Brazilian authorities, agreeing to pay USD 135 million to resolve FCPA violations. While Mexican authorities had secured a USD 30 million in compensation from Vitol Inc. by 2023, they have yet to impose substantial domestic penalties.
- Walmex Bribery Scandal (2019):
  Executives at Wal-Mart de México (Walmex), a subsidiary of American retail giant Walmart Inc., orchestrated a bribery scheme in the early 2000s to expedite the issuance of store permits in Mexico. In 2019, the US DOJ imposed a USD 282 million penalty on Walmart Inc. to settle FCPA violations. Mexican enforcement agencies, however, have not pursued parallel action against Walmex.

PSA CASE STUDIES:

- **Corruption Probes on Healthcare Product Distributor**
  PSA conducted due diligence research on a Mexican healthcare product distributor. The company was found to be implicated in a bribery scheme, in which its executives paid officials to secure government contracts for medical supplies and security equipment. Mexico's Federal Commission for Economic Competition (Comisión Federal de Competencia Económica; COFECE) and the Mexican Tax Administration Service (Servicio de Administración Tributaria; SAT) fined the company USD 50 million for manipulating bids, falsifying compliance records, and failing to disclose incentives.
- **Research on High-Profile Businessmen**
  PSA conducted due diligence research on a Mexican financial company, which was found to be involved in bribery and a money laundering network. PSA's research found that the operator channeled illicit funds through banks and front companies on behalf of criminal organizations. Mexican authorities, including the Financial Intelligence Unit (Unidad de Inteligencia Financiera) and the Mexican Attorney General's Office (Fiscalía General de la República), flagged irregular transactions, falsified records, and political ties, resulting in over USD 100 million in fines and asset freezes.
- **Corruption Probe into a Mexican Manufacturing Company**
  PSA conducted due diligence on a manufacturing company, which was found to have engaged in corruption when securing government contracts for infrastructure projects. Mexican regulators, including the COFECE and SAT, traced illicit funding through multiple entities, uncovering irregular transactions, falsified records, and political favoritism. The company faces over USD 75 million in fines for procurement violations.

CONCLUSION

Mexico's ABAC enforcement landscape remains fraught with challenges, including political interference, SOE corruption risks, and cartel infiltration into public procurement processes. While institutional reforms, such as the creation of the Secretariat of Anti-Corruption and Good Governance, aim to enhance transparency, concerns remain over weakened judicial independence and selective enforcement, as well as the policy preferences of the country's recent presidential administrations. The confluence of these factors have reshaped Mexico's anti-corruption outlook, necessitating heightened vigilance from businesses operating in this jurisdiction. To mitigate compliance risks, companies must implement rigorous anti-bribery measures, conduct enhanced due diligence, and adopt sector-specific risk mitigation strategies to navigate Mexico's evolving regulatory environment.

PSA's Commitment to Compliance

Across Latin America, persistent governance challenges and uneven enforcement continue to shape a complex anti-bribery and corruption landscape. The region's evolving legislative frameworks—from Argentina's Corporate Criminal Liability Law and Brazil's Clean Company Act to Mexico's newly formed Secretariat of Anti-Corruption and Good Governance—reflect a sustained, though inconsistent, commitment to transparency and accountability. However, the interplay of political transitions, judicial vulnerability, and entrenched patronage networks underscores the need for continuous vigilance from both public and private actors.

At PSA, we recognize that effective compliance in Latin America requires more than a procedural approach. Our analysts combine jurisdiction-specific expertise, multilingual research capability, and an established network of regional sources to identify material integrity risks and regulatory trends before they escalate into liabilities. By integrating human intelligence with precise open-source verification, PSA equips clients with the contextual insight necessary to navigate an increasingly dynamic and high-risk environment.

> *"PSA remains committed to helping organizations uphold the highest standards of ethical conduct and regulatory compliance."*

As anti-corruption enforcement across the region matures—often unevenly—PSA remains committed to helping organizations uphold the highest standards of ethical conduct and regulatory compliance. Our work in Latin America reflects our broader global mission: to deliver due diligence and investigative reporting that is clear, actionable, and grounded in regional realities.