

June 2, 2014

## So You Want to See Messi, Neymar, Ronaldo, and Xavi: Brazil Issues Directive Barring Government Officials from Receiving World Cup Tickets

If you wish to receive more information on the topics covered in this publication, you may contact your regular Shearman & Sterling contact person or any of the following:

### Contacts

Claudius O. Sokenu  
New York  
+1.212.848.4838  
[claudius.sokenu@shearman.com](mailto:claudius.sokenu@shearman.com)

Paula Howell Anderson  
New York  
+1.212.848.7727  
[paula.anderson@shearman.com](mailto:paula.anderson@shearman.com)

Stephen Fishbein  
New York  
+1.212.848.4424  
[sfishbein@shearman.com](mailto:sfishbein@shearman.com)

Jo Rickard  
London  
+44.20.7655.5781  
[josanne.rickard@shearman.com](mailto:josanne.rickard@shearman.com)

Patrick D. Robbins  
San Francisco  
+1.415.616.1210  
[probbins@shearman.com](mailto:probbins@shearman.com)

Danforth Newcomb  
New York  
+1.212.848.4184  
[dnewcomb@shearman.com](mailto:dnewcomb@shearman.com)

Philip Urofsky  
Washington, D.C.  
+1.202.508.8060  
[philip.urofsky@shearman.com](mailto:philip.urofsky@shearman.com)

Earlier today, the Office of the Comptroller General in Brazil, **Controladoria-Geral da União (“CGU”)**, issued a sweeping directive barring government officials from accepting offers to attend or participate in the upcoming 2014 FIFA World Cup events set to begin in Brazil on June 12, 2014. This CGU directive is consistent with the existing obligations of businesses under Brazil’s recently enacted Anti-Corruption Law, No. 12,846/2013, the US Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act (“Bribery Act”), and the anti-corruption laws of most countries. The CGU directive provides companies dealing with corporate hospitality surrounding the World Cup with a valuable response to Brazilian government officials seeking tickets to see Messi, Neymar, Ronaldo, Suarez, Xavi, and, of course, America’s own Clint Dempsey.

### I. The CGU Directive

Consistent with Brazil’s anti-corruption legislation, the CGU’s directive prohibits federal public agents from accepting any invitations, tickets, transportation or hotel offers to watch matches or participate in World Cup events. Officials may, however, accept invitations or tickets in limited circumstances:

- a. when distributed by the Public Administration as granted to it by FIFA, a FIFA subsidiary in Brazil, the Brazilian Organizing Committee, or Brazilian Football Confederation;
- b. when received from personal family or friends who incur the costs with no connection to the recipient’s role as a public servant;
- c. when received from public promotions or from a private consumer relationship and bearing no relationship to the recipient’s role as a public servant;
- d. when the recipient is to attend or participate in events in his/her capacity as a public servant and with the approval of management; and

Contacts (cont.)

Mark D. Lanpher  
Washington, D.C.  
+1.202.508.8120  
[mark.lanpher@shearman.com](mailto:mark.lanpher@shearman.com)

Christopher L. LaVigne  
New York  
+1.212.848.4432  
[christopher.lavigne@shearman.com](mailto:christopher.lavigne@shearman.com)

Richard Kelly  
London  
+44.20.7655.5788  
[richard.kelly@shearman.com](mailto:richard.kelly@shearman.com)

Brian G. Burke  
Hong Kong  
+852.2978.8040  
[brian.burke@shearman.com](mailto:brian.burke@shearman.com)

Masahisa Ikeda  
Tokyo  
+03.5251.1601  
[miked@shearman.com](mailto:miked@shearman.com)

Robert Ellison  
São Paulo  
+55.11.3702.2220  
[robert.ellison@shearman.com](mailto:robert.ellison@shearman.com)

- e. when issued by a government-owned company in furtherance of its operations or the public interest and provided no conflicts of interest exist.

These narrowly tailored exceptions all but foreclose public agents and federal government officials from receiving World Cup tickets (and related corporate sponsorships) from private companies. Similarly, on May 19, 2014, Brazil's Public Ethics Committee ("CEP") signed a document in which it issued similar guidance to federal officials barring the receipt of gifts or favors from private companies for World Cup events and festivities.

## II. Implications for Anti-Corruption Compliance

The CGU directive restricts the conduct of Brazilian government officials as opposed to the conduct of domestic and foreign businesses. However, the directive is a significant reminder for companies to be mindful of possible FCPA violations as well as violations of Brazil's anti-corruption statute when giving gifts or other items of value to government officials around the World Cup.

Brazilian law imposes substantial civil and administrative penalties on foreign and domestic corporations involved in the bribery of domestic or foreign public officials or related third parties, as well as attempting or supporting such acts. The anti-bribery provisions of the FCPA and other anti-corruption laws forbid the offer, promise or actual payment of money or anything of value, directly or indirectly, to a foreign official for the purpose of influencing any act or decision of a foreign official, or to induce a foreign official to use his or her influence to affect a government act or decision, in order to obtain or retain business or direct business to any person. The FCPA also contains "books and records" provisions which require issuers whose securities are registered with the Securities and Exchange Commission to maintain accurate records and internal accounting controls, including with respect to how payments are recorded and characterized.

Though the provision of entertainment or amenities for a legitimate business purpose are not generally considered unlawful, companies should be cautious about providing any payments, gifts, or other items of value to public officials during the World Cup given the heightened risks of inquiry by regulators and prosecutors both in Brazil, the United States, and other countries. As a corollary, businesses participating in the World Cup should ensure that their compliance programs are capable of dealing with the unique issues raised by taking part in the world's largest single sporting event (sorry to those who think of the World Series or the Super Bowl in this regard). Accordingly, companies should:

- a. Maintain accurate and thorough books and records of World Cup expenses: Transparency is crucial. Companies should ensure that all gifts and expenses are logged and detailed, including the business purpose for the hospitality and information about any recipients.

- b. **Avoid optically questionable gifts and hospitality:** Extravagant and lavish hospitality should generally be avoided. This would include VIP tickets for events or lavish amenities for transportation and hotel stay.
- c. **It is time to remind employees, agents and representatives of your company's anti-corruption policy:** Communicating the company's expected dos and don'ts during the World Cup is a good way to give employees, third party vendors, and agents a refresher on anti-bribery laws generally.
- d. **Ensure internal anti-corruption procedures are up to date:** As a matter of practice, and particularly in light of the upcoming World Cup, businesses should ensure that their internal compliance policies and procedures are up to date, well-publicized and understood by all within the organization.
- e. **Seek advice from the legal and compliance departments:** When in doubt about what types of hospitality are appropriate during the World Cup under Brazilian, US, and other applicable anti-corruption laws, employees should be encouraged to consult the legal and compliance departments.

### III. Conclusion

As the world's focus turns to Brazil for the World Cup and the galaxy of world football (some would say soccer) stars on display from Messi to Neymar and Ronaldo, companies and their compliance and legal departments are reminded that the World Cup provides unique concerns from an anti-corruption perspective. This would be the time to sensitize employees who may be interacting with government officials to the perils that lie ahead. The CGU directive will likely help companies manage their relationships with government officials in those instances when a decision is made to decline to provide coveted tickets to government officials.

---

ABU DHABI | BEIJING | BRUSSELS | FRANKFURT | HONG KONG | LONDON | MILAN | NEW YORK | PALO ALTO  
PARIS | ROME | SAN FRANCISCO | SÃO PAULO | SHANGHAI | SINGAPORE | TOKYO | TORONTO | WASHINGTON, DC

This memorandum is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

599 LEXINGTON AVENUE | NEW YORK | NY | 10022-6069

Copyright © 2014 Shearman & Sterling LLP. Shearman & Sterling LLP is a limited liability partnership organized under the laws of the State of Delaware, with an affiliated limited liability partnership organized for the practice of law in the United Kingdom and Italy and an affiliated partnership organized for the practice of law in Hong Kong.