

JAMES E. RISCH, IDAHO, CHAIRMAN

MARCO RUBIO, FLORIDA
RON JOHNSON, WISCONSIN
CORY GARDNER, COLORADO
MITT ROMNEY, UTAH
LINDSEY GRAHAM, SOUTH CAROLINA
JOHNNY ISAKSON, GEORGIA
JOHN BARRASSO, WYOMING
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
TODD YOUNG, INDIANA
TED CRUZ, TEXAS

ROBERT MENENDEZ, NEW JERSEY
BENJAMIN L. CARDIN, MARYLAND
JEANNE SHAHEEN, NEW HAMPSHIRE
CHRISTOPHER A. COONS, DELAWARE
TOM UDALL, NEW MEXICO
CHRISTOPHER MURPHY, CONNECTICUT
TIM Kaine, VIRGINIA
EDWARD J. MARKEY, MASSACHUSETTS
JEFF MERKLEY, OREGON
CORY A. BOOKER, NEW JERSEY

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

October 8, 2019

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Mnuchin:

We write to express our concern about the ability of foreign companies involved in illicit financial activities to acquire United States companies in the food sector, specifically the Brazilian meat-processing conglomerate JBS S.A., which engaged in bribery of public officials as a methodology to obtain funds that it then used for such acquisitions. The activities and operations of JBS S.A. have implications for our national security and the security of the American food system, and we respectfully request that the Committee on Foreign Investment in the United States (CFIUS) exercise its authority to review these transactions.

Over the last twelve years, Brazil-based JBS S.A. has become increasingly active in the American food sector. In 2007, JBS S.A. established a U.S. subsidiary—JBS USA—that purchased the American beef and pork processing company Swift Foods Co. Through a deal in 2008, JBS USA acquired the beef processing operations of Smithfield Foods. In 2009, JBS USA obtained the majority of the poultry processing operations of Pilgrim's Pride. Additionally, JBS USA purchased Cargill's pork processing operations in 2015. Today, JBS S.A. is the world's largest meat-processing company and has major holdings across the U.S. food sector. These acquisitions have serious implications for the security, safety, and resiliency of our food system.

During the period in which JBS S.A. has moved increasingly into the U.S. market, the company has been implicated in a wide range of illicit activities in Brazil. In 2017, J&F Investimentos, which owns more than 40 percent of JBS S.A., reached a settlement to pay a \$3.2 billion fine for its role in an expansive bribery scandal in Brazil. In advance of this settlement, J&F Investimentos' owners Joesley and Wesley Batista—the sons of JBS S.A. founder José Batista Sobrinho—admitted to bribing more than 1,800 Brazilian politicians in amounts totaling more than \$150 million in order to illicitly acquire loans and financing from the Brazilian Development Bank (BNDES) and several Brazilian pension funds.

We are troubled that JBS S.A. used the ill-gotten financing that it received from BNDES, which totaled more than \$1.3 billion, to acquire American companies. It has been reported that the Department of Justice has opened an investigation on J&F Investimentos for potential violations of the Foreign Corrupt Practices Act, which only underscores our concerns that the questionable nature of JBS S.A.'s financial practices poses significant risks for its American subsidiaries and the U.S. food system.

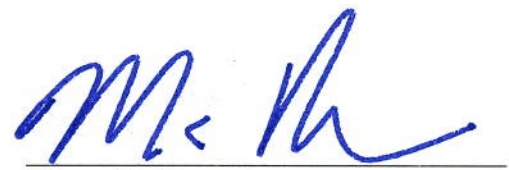
Beyond its links to illicit activities in Brazil, JBS S.A. globally has conducted business with a range of dubious partners, including the Venezuelan Corporation of Foreign Trade (CORPOVEX), which was identified by the Financial Crimes Enforcement Network (FinCEN) in September 2017 for its involvement in public corruption. Investigative reporting has documented that Venezuela's food procurement practices are rife with bribery. The Batista brothers' personal relationship with sanctioned Venezuelan official Diosdado Cabello only raises further concerns.

Given its admitted criminal conduct to secure loans that were used for investment in the United States and the group's business relationships with Venezuela's Maduro regime, as well as its growing reliance on financing from entities aligned with the Chinese government, we ask that CFIUS conduct a review of JBS S.A.'s acquisition of U.S. companies to assess the implications for security and safety of America's food supply and, in turn, our national security. The growing trend of foreign investment in our food system demands increased attention and scrutiny in order to safeguard our nation's food supply.

We appreciate your careful attention to this matter and look forward to your response.

Sincerely,


Robert Menendez
United States Senator


Marco Rubio
United States Senator