

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA**

Plaintiff,

v.

JBS S.A., WESLEY MENDONÇA BATISTA,
and GILBERTO TOMAZONI,

Defendants.

Civil Action No.:

**CLASS ACTION COMPLAINT FOR
VIOLATION OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

CLASS ACTION

Plaintiff [REDACTED] (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, inter alia, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding JBS S.A. (“JBS” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities, other than Defendants, who purchased or otherwise acquired the publicly traded

American Depositary Receipts (“ADRs”) of JBS between June 2, 2015 and March 17, 2017, both dates inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §1331 and §27 of the Exchange Act.

4. Venue is proper in this District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the Company’s US subsidiary maintains two facilities in this Judicial District.

5. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying Certification, purchased JBS securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

7. Defendant JBS processes and sells beef, lamb, pork, and chicken products in Brazil and internationally. The Company is incorporated in the Federative Republic of Brazil and its principal executive offices are in São Paulo – SP, Brazil. The Company’s Level 1 Sponsored ADRs trade on the OTCQX market (the “OTC Market”) under the symbol “JBSAY.”

8. Defendant Wesley Mendonça Batista (“Batista”) has been the Chief Executive Officer (“CEO”) of JBS since February 1, 2011 and serves as its Member of the Executive Board.

9. Defendant Gilberto Tomazoni (“Tomazoni”) has been the Global President of JBS Operations Management Team at JBS since September 2015.

10. Defendants Batista and Tomazoni are sometimes referred to herein as the “Individual Defendants.”

11. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company’s internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

12. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

13. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

14. The Company and the Individual Defendants are referred to herein, collectively, as the “Defendants.”

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements

15. On June 2, 2015, JBS issued its Annual Report for the fiscal year ended December 31, 2014 entitled “Annual and Sustainability Report 2014,” (the “2014 Annual Report”). The 2014 Annual Report contained a letter from Defendant Batista, stating in pertinent part:

We achieved satisfactory results at the JBS Foods unit, one year after its creation. During this period, we implemented the necessary operational adjustments. We captured synergies, reformulated products, launched new products and initiated a broad marketing campaign, focusing on the Seara brand, **with an emphasis on healthy products of superior quality**, offering convenience and practicality to consumers.

[Emphasis added.]

16. The 2014 Annual Report touted the quality of JBS’ products, stating in pertinent part:

Quality Control

The Company has full control over its processes with the help of cutting-edge technology and structured programs. **The care that JBS puts into its products is reflected in its nationally and internationally recognized quality.**

* * *

JBS has a market leading portfolio of brands recognized by the public as being synonymous with quality and reliability. In addition to the strong reputation of

quality and transparency in the sourcing of products – both important for customer confidence and loyalty – the company’s recent marketing efforts have incentivized a change in consumption habits among Brazilian consumers.

* * *

In the poultry and pork operations, the origin and quality of the raw material are guaranteed through JBS’ integrated relationship with the breeders. The Agriculture team conducts regular visits and audits supplier processes to ensure that the production practices are in line with the criteria required by JBS.

With regard to product quality, JBS has a dedicated area – the Quality Assurance Department – to monitor the entire production process, which is constantly audited by different regulatory agencies and customers in order to maintain the credentials needed to serve all markets.

* * *

Responsibility for the Quality of the Products

GRI G4 FP12

To ensure the quality, health and sustainability of its entire line of products, JBS has rigorous processes that permeate its entire chain of production. There are more than 30 programs for beef production, the most important of which are described in this chapter, which meet the requirements of the Ministry of Agriculture, Livestock and Supply (MAPA) and which, taken together, are responsible for the production of reliable, safe, healthy and quality foods. In addition, all of the JBS processing units are part of the National Waste Control Plan for Products of Animal Origin (PNCRC), an initiative by the Federal Inspection System (SIF) that collects samples of raw materials used in the industrial processes for human food in order to evaluate food safety items, such as contaminants.

Certifications

GRI G4- FP5

In the Brazilian cattle operations, JBS has certifications that attest to compliance with international norms (ISO 9001, ISO 14001, BRC, SQMS, among others) at its plants. These certifications involve food safety, animal welfare, the quality management model, the environmental management model, and generally ensure and certify the food safety and quality of JBS’s processes and products. The certified units in 2014 represent, in terms of production volume, 51% of JBS’s total production volume in Brazil.

[Emphasis added].

17. The 2014 Annual Report touted JBS’ adherence to the best practices in corporate governance, stating in pertinent part:

Transparency & Communication with Stakeholders

JBS adheres to the best practices in corporate governance – including transparency and equity in the disclosure of information – which qualifies the Company to the Novo Mercado segment of the BM&FBovespa.

[Emphasis added].

18. The 2014 Annual Report touted the experienced managers and executives at JBS and their alignment with JBS' values, stating in pertinent part:

Experienced and Industry-Specialized Management

JBS has a team of experienced managers with expertise in the market, **focused on growing sales, optimizing resources and increasing operational efficiency**. JBS is highly professionalized and each business unit has its own management. of the strategy for selecting competent executives takes into consideration experience in the sector **and alignment with the company's values**, such as an ownership attitude and a focus on results.

[Emphasis added].

19. The 2014 Annual Report stated that JBS maintains relationships with different governments and makes donations to political parties, stating in pertinent part:

Government

GRI G4 SO6

JBS maintains, through local entities and agencies, relationship with the different governments in the countries in which it operates.

* * *

In order to contribute to the political debate and the development of democracy, JBS makes donations to political parties provided that the projects presented by the organizations are in line with the Company's values and beliefs. All of the information regarding the donations made by JBS is available on the website of the Superior Electoral Court.

20. The 2014 Annual Report touted the policies concerning the issues that are relevant to the Company's best practices, stating in pertinent part:

Policies

To ensure ethical conduct and integrity in the management of its business, JBS has clear policies regarding the issues relevant to the company's best practices. They are:

Disclosure Policy for Material Information

Based on the principles of transparency and fairness in dealing with investors and the capital markets, this policy establishes the use and disclosure of information classified as material facts, as well as rules and guidelines about the use, publication and maintenance of the confidentiality of information that has not been released to the public yet.

* * *

Integrated Management System Policy (Environment, Quality, and Occupational Health and Safety)

JBS Beef Division in Brazil instituted a policy that consolidates into a single document JBS' commitments in relation to Quality, the Environment and Occupational Health and Safety, which aims to upgrade and continuously improve its processes.

* * *

Ethical Conduct

GRI G4-56

In order to guide the conduct of its team members and suppliers in the business environment, JBS prepared a Manual of Ethical Conduct that addresses issues related to violations, conflicts of interest, third-party contracts, employment practices, receiving gifts, decision making, anti-corruption practices and other sensitive topics.

In 2014, JBS' legal department began the process to reformulate the document to adhere to Brazilian Law 12,846/13 regarding anti-corruption and the acts that regulate it. The new version of the Ethics Manual is scheduled for release in 2015.

21. On June 10, 2016, JBS issued its Annual Report for the fiscal year ended December 31, 2015 entitled "Annual and Sustainability Report 2015," (the "2015 Annual Report"). The 2015 Annual Report contained a letter from Defendant Batista, stating in pertinent part:

We are confident in our global food production platform and in our highly qualified team to lead JBS in our strategy. **We will remain focused on operational excellence and food safety, while we base our business in the highest quality standards and service level to meet and exceed our customer's and consumer's requirements.**

[Emphasis added].

22. The 2015 Annual Report contained a letter from Defendant Tomazoni, stating in pertinent part:

At JBS, the quest for quality is more than a strategy. It is part of the Company's culture. We believe that the success of our business is directly related to our ability to produce and deliver the highest quality products, managing the business in a sustainable manner and providing clients and consumers with superior products and services.

Earning recognition for the quality of our products is a journey, and we have made significant progress. Again, people are critical in this context. We believe that the quality of what we produce and the excellence of our services is a daily responsibility for all of those who work with us. The determination and persistence of each JBS employee, in every area of business or place in the world, strengthen our values and beliefs daily.

[Emphasis added].

23. The 2015 Annual Report touted the quality of JBS' products and operations, stating in pertinent part:

In order to achieve JBS's goal of strengthening ties with clients and consumers through a portfolio of brands and value-added products, the Company's **operations are focused on quality. And quality, for JBS, goes beyond the product.**

Quality involves operating in accordance with the highest social, economic and environmental standards, having the best team of employees, with the right people in the right positions, cutting-edge factories and partnerships with its stakeholders. JBS's main purpose is to provide quality to its clients and consumers.

[Emphasis added.]

24. The 2015 Annual Report touted the ethics and integrity of JBS, stating in pertinent part:

Ethics and Integrity
GRI G4-56, G4-DMA

Trust is what guides JBS in all of its relations with stakeholders. It therefore pervades the Company's daily activities.

In line with this value and with the aim of reinforcing conduct guidelines, improving and standardizing certain procedures and implementing risk prevention initiatives where needed, in 2015 the Company created the Corporate Compliance Office. Reporting directly to the Institutional Relations Department, the new structure serves all JBS Group businesses and is responsible for identifying, assessing and monitoring risks, as well as developing training and communication programs for all employees and suppliers.

One of the new area's first initiatives was the reissue of JBS's Code of Ethics. The document, which is intended both for the Company's employees and suppliers, established twelve guidelines governing expected conduct in regard to issues related to security, sustainability, anti-corruption practices, money laundering and conflicts of interest. The document, together with its English and Spanish versions, is already available on the Company's intranet.

[Emphasis added].

25. The 2015 Annual Report touted the quality of JBS' products, stating in pertinent part:

JBS Foods has based its activities on the development of higher value-added products, focusing on quality and working closely with customers and suppliers.

* * *

Adopts strict quality standards in order to meet the international standards required by customers in Europe, Asia, the Middle East, Oceania, Africa and the Americas, which are its export markets. These same requirements are in place for the production destined for consumers in Brazil.

* * *

PRODUCT INTEGRITY

GRI G4-DMA

JBS works to ensure the quality and integrity of its products. To ensure quality product reaches the tables of consumers, **there is an extensive effort made with regard to food quality and safety**, value chain management (including the responsible purchase of raw materials), supplier partnerships and team member training. **Care is also taken to ensure that operations are in line with regulatory requirements and applicable certifications.**

All products, in all business areas, receive appropriate packaging, and are transported and distributed in accordance with the best practices adopted by the industry. One of the highlights in Brazil was the inauguration of the JBS Foods Distribution Center (DC), in Fortaleza (Ceará), the final piece in the renovation of the Company's distribution network. There are now 15 DCs serving as a support base for the commercial area, all standardized according to the definitions of the Pillars of Excellence, which are essential to ensuring the best customer service.

Throughout 2015, all of the JBS units carried out numerous actions focused on the Company's value chain, based on corporate guidelines that consolidated the culture of quality.

The Company meets the different labeling requirements in 100% of its products, as determined by the laws of the markets where it operates. The labels have information regarding composition, the nutritional table, name, net weight, storage conditions, manufacturing date, expiration date and manufacturing unit.

In total, 100% of the Company's product labels in Brazil have the Federal Inspection Service (SIF) seal of the Ministry of Agriculture, Livestock and Food Supply (MAPA). In the United States, all products bear the inspection seal of the United States Department of Agriculture, Food Safety and Inspection Service (USDA, FSIS). Some products also present information regarding preparation and consumption, as well as offering different recipes for the preparation of the product and its accompaniments. GRI G4-PR3

Furthermore, the Company lists the ingredients and additives used, specifies those that may contain allergens and specifies any fortification of vitamins, minerals, fiber, etc. GRI FP7

The Company does not sell products prohibited in the markets in which it operates and adheres to their respective standards and best practices. GRI G4-PR6

* * *

JBS is committed to supplying its clients and consumers, in all markets in which it operates, with the highest quality products. All of the purchases made in 2015 are in accordance with the procurement policies adopted by the respective JBS business areas.

* * *

c. Food Quality and Safety
GRI G4-DMA

Quality is an obsession for JBS. It is a fundamental value that permeates the Company's culture and is present in all of its production processes.

JBS BEEF (BRAZIL)

GRI G4-DMA

This business unit includes a structure with 13 in-house laboratories, developing the necessary microbiological analyses to provide food security indicators, ensuring their quality. In 2015, the Company initiated investments to upgrade and standardize the laboratories in terms of layout, equipment and software. With the changes, the laboratories now have structure to issue results in 24 hours, halving the time previously spent.

With this, the Company gained agility in obtaining results and greater efficiency in decision making. Three new laboratories are scheduled to be built in 2016. This structure will cover nearly 100% of the national territory.

* * *

JBS FOODS (BRAZIL)

At JBS Foods, the quality and health of the poultry and pork is the result of the integrated management of the supply chain. There is a strict management system that covers all production stages, from the selection of the genetics of animals, through processing, to the transportation of goods to the final point of sale. The Company works in partnership with integrated producers, which guarantees the origin of the raw material of the poultry and pork that it sends to market. Thus, the Company has more control over the health and nutritional conditions of the animals, ensuring the quality, safety and cost efficiency of products. All of the businesses of JBS Foods undergo reviews on criteria such as the health and safety of the products and services. GRI G4-DMA, GRI G4-PR1

The JBS Foods Quality System includes the best and most current concepts defined by national and international organizations. To help disseminate these concepts, the Company adheres to guidelines established in its "Quality Book," a set of 15 management tools aimed at planning, execution, control and improvement, as well as defining the responsibilities and authorities of each link in the production chain. Based on this material, JBS Foods held training cycles in the months of July and August 2015, training 150 team members who will become ambassadors of this expertise.

* * *

The Company also has laboratories with facilities for the analysis of food, and all the results of these analyses are entered into the Laboratory Information Management System (LIMS). Through this system, a database is generated with information from across the enterprise on performance and the compliance with established standards, which is updated periodically. With this, it is possible to

determine the results for each unit - in relation to products, processes, microbiological and physicochemical analyses - as well as the monthly evolution of the results. This practice is in line with the commitment of JBS Foods to validate its processes to provide a high level of product quality and safety through all that laboratories can measure.

* * *

d. Certifications

GRI FP2, GRI FP5

The various units of JBS Beef (Brazil) underwent 178 audits in 2015 in order to maintain and gain certifications to allow products to be exported to various markets. The plants obtained 97% approval and have been audited according to international standards such as BRC Global Standards, ISO9001, ISO17025, and audits by the Ministry of Agriculture of Brazil, clients and markets (health missions from other countries). GRI G4-DMA, GRI G4-PR1, GRI FP5

In Brazil, all slaughterhouses must submit to some form of sanitary inspection, whether at the municipal, state or federal level. In the case of JBS, all of the Company's units are under the Federal Inspection Service (SIF) of the Brazilian Ministry of Agriculture, enabling the Company to export from any of its units and market products with the highest level of food safety on the domestic market.

[Emphasis added].

26. The 2015 Annual Report touted JBS' commitment to adhering to the highest standards of integrity, ethics, and transparency when interacting with government officials and public officials, stating in pertinent part:

c. Governments

GRI G4-SO6

JBS is committed to adhering to the highest standards of integrity, ethics and transparency when interacting with government officials and public officials.

To guide the conduct of team members and outsourced consultants who interact with the government in the performance of their duties, the Policy on Relations with Government Entities and Public Officials was published in Brazil in 2015. The document, which is applicable to operations in the country, establishes criteria and rules of conduct in the relations of JBS companies with government and/or public officials for meetings, the delivery and receipt of documents and other contact necessary to obtain licenses and permits, present claims, participate in bids and discuss matters relating to the JBS operations that depend on government action.

In all jurisdictions in which JBS operates worldwide, ethics and anti-corruption training is offered in order to ensure compliance with local laws.

[Emphasis added].

27. The statements referenced in ¶¶ 15 - 26 above were materially false and/or misleading because Defendants knew or were reckless in not knowing that they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operational and financial results: (1) JBS executives bribed regulators and politicians to subvert food inspections of its plants and overlook unsanitary practices such as processing rotten meat and running plants with traces of salmonella; (2) According to Brazilian authorities, JBS "didn't care about the quality of the meat or food" they sold. "They didn't care at all about what they were selling to consumers;" (3) Defendants falsified documentation for exports to Europe, China and the Middle East; (4) Defendants arranged bribes and favors for inspectors ranging from political donations and favorable bank loans to small bribes including hams and other meat products; (5) in coordination with government inspectors whom Defendants used their direct influence in the Agriculture Ministry to select and whom they had bribed, Defendants' employees entered government offices, accessed computers and issued their own export certificates; (6) Defendants processing plants suffered from unsanitary practices such as processing rotten meat and shipping exports with traces of salmonella; (7) Defendants produced sanitary certificates regardless of the adulteration of the products. As a result, Defendants' statements about the Company's business, operations and prospects were materially false and misleading and/or lacked a reasonable bases at all relevant times.

The Truth Emerges

28. On March 17, 2017, *Reuters* published a report entitled “Brazil police accuse BRF, JBS of subverting food inspections,” stating in pertinent part:

Brazil police accuse BRF, JBS of subverting food inspections

March 17, 2017, 11:13:00 AM EDT By Reuters

(Recasts with companies involved, comments from JBS, police investigator, share reaction)

CURITIBA, Brazil, March 17 (Reuters) - Brazilian federal police raided dozens of meatpacker offices on Friday, including industry giants **JBS SA** and **BRF SA**, **following a two-year investigation into alleged bribery of regulators to subvert inspections of their plants.**

The probe, known as “Operation Weak Flesh,” had uncovered about 40 cases of meatpackers who had **bribed inspectors and politicians to overlook unsanitary practices such as processing rotten meat and running plants with traces of salmonella**, police said.

Police investigator Mauricio Moscardi Grillo said there was evidence of some companies manipulating certificates of meat for export to Spain and Italy, raising the risk of foreign restrictions on Brazil's powerhouse protein industry.

Police said they arrested three BRF employees and **two JBS** employees, as well as **20 public officials.**

Shares of JBS, the world's biggest meat producer, and BRF, the largest poultry exporter, fell more than 7 percent each in Sao Paulo trading.

JBS said in a securities filing that three of its plants and one of its employees were targeted in the probe, but its executives and headquarters were not targeted. The company said it followed rigorous quality standards and sanitary regulations.

BRF did not have an immediate comment on the investigation.

Brazil's agriculture ministry declined to comment immediately, calling a press conference for 4 p.m. local time (1900 GMT).

In a statement, police said more than 1,100 officers were deployed for 194 raids, and as many as 38 detention orders across six Brazilian states, in the largest-ever search and seizure operation by the federal police.

The food industry investigation is the latest of several sweeping probes into corruption in Brazil as a tougher judiciary takes on cozy relations between the

government and powerful businesses amid public outrage during a deep economic depression.

Police said regulators in the food-producing states of Paraná, Minas Gerais and Goiás helped producers place adulterated products in the marketplace. Food processors would also bribe state food safety auditors to issue fake sanitary permits and forgo normal oversight work.

(Reporting by Sergio Spagnuolo; Additional reporting by Pedro Fonseca in Rio de Janeiro, Guillermo Parra-Bernal and Brad Brooks in Sao Paulo; Writing and additional reporting by Brad Haynes; Editing by Daniel Flynn and Bernadette Baum)

[Emphasis added].

29. On this news, shares of JBS fell \$0.71 per share or over 9.2% from its previous closing price to close at \$6.96 per share on March 17, 2017, damaging investors.

30. On March 17, 2017, during aftermarket hours, *The Wall Street Journal* published an article entitled “Brazil Police Launch Massive Anticorruption Probe of Meatpacking Industry,” stating in pertinent part:

Brazil Police Launch Massive Anticorruption Probe of Meatpacking Industry

Police allege officials of companies including JBS SA and BRF SA bribed sanitary inspectors

By **ROGERIO JELMAYER** and **LUCIANA MAGALHAES**
Updated March 17, 2017 6:06 p.m. ET

SÃO PAULO—Brazilian authorities are investigating some of the world’s biggest meatpacking companies for allegedly bribing food-sanitation inspectors to approve sales to domestic and foreign buyers of meats that might otherwise have failed to pass muster.

Among the dozens of **firms targeted are JBS SA** and **BRF SA**, which both have substantial operations outside Brazil. JBS, the world’s leading meatpacking company, owns Swift Foods and a majority share of Pilgrim’s, both familiar U.S. brands. BRF is one of the world’s biggest chicken exporters.

“[The firms under investigation] didn’t care about the quality of the meat or food” they sold, said a Federal Police official, Mauricio Moscardi Grillo. “They didn’t care at all about what they were selling to consumers.”

Shares of JBS plunged 10.6% on Friday, and shares of BRF were down 7.6%. Brazil’s benchmark Ibovespa stocks index was down 2.4% on the day.

The investigation could threaten a planned initial public offer by JBS for its international operations, and could cause problems for a possible sale by BRF of a stake in one of its units as well, said Shin Lai, an investment strategist at São Paulo-based research firm Upside Investor. JBS announced in December a reorganization plan that includes an IPO in the U.S. of shares in its international businesses.

An inspector-veterinarian employed by JBS at one of its plants was allegedly involved in the scheme, documents provided by judicial authorities show. Police said an executive linked to JBS was also under investigation.

JBS, with units on five continents, said it and its units “rigidly follow” all regulations regarding health inspection of its products and supports all efforts aimed at punishing violations.

BRF said that it meets all regulations and that its products pose no risk to consumers in Brazil or abroad. The company added it was cooperating with authorities on the probe.

An Agriculture Ministry official said the ministry was still investigating how much of the affected meat and meat derivatives were exported, noting most of it was probably sold in the Brazilian market.

The official, Eumar Novacki, said participants in the scheme falsified sanitation certifications for beef and chicken as well as for hot dogs, bologna, animal feed and pet food.

“The crime against the Brazilian people is grave,” said Mr. Novacki, adding the Brazilian government was also concerned about the impact on the country’s image abroad.

“We’re big players in the world market, and consumers can seek products from our competitors,” he said. “We’re worried and we’re taking steps” to maintain confidence in Brazilian products.

* * *

Friday’s operation was one of the biggest on record in Brazil, authorities said. Police said 1,100 officers acting in six Brazilian states and the Federal District were

part of the operation, executing 38 arrest warrants and court orders to collect evidence and seize assets.

The police spokesman, Mr. Grillo, said Friday that some of the bribes went to political parties, but that police still don't know exactly how much. He didn't provide any names of politicians or parties.

[Emphasis added].

31. On March 17, 2017, during aftermarket hours, *Reuters* published an article entitled "Brazil police raid BRF and JBS meat plants in bribery probe," stating in pertinent part:

WORLD NEWS | Fri Mar 17, 2017 | 7:47pm EDT

Brazil police raid BRF and JBS meat plants in bribery probe

By Brad Haynes and Sergio Spagnuolo | SAO PAULO/CURITIBA, BRAZIL

Brazilian police raided the premises of global meatpacking companies JBS SA and BRF SA on Friday, as well as dozens of smaller rivals, in a crackdown on alleged bribery of health officials that could threaten \$12 billion in annual exports.

The probe, known as "Operation Weak Flesh," found evidence of meatpackers bribing inspectors and politicians to overlook unsanitary practices such as processing rotten meat and shipping exports with traces of salmonella, police said.

Police investigator Mauricio Moscardi Grillo said there was evidence of some companies manipulating certificates for meat exports to European markets, raising the risk of foreign restrictions on Brazil's powerhouse protein industry.

"We've never seen a scandal like this in the sector ... It's horrifying," said Alex Silva, a livestock analyst with Scot Consultoria. "This stains the entire system that Brazil has spent years building."

Brazil exported \$6.9 billion of poultry and \$5.5 billion of beef last year, according to industry groups, as producers ramped up shipments to China and started sending fresh beef to the United States.

Shares of JBS and BRF plunged 11.0 percent and 7.0 percent, respectively, in Sao Paulo. JBS, the world's biggest meat producer, booked net revenue of 170 billion reais (\$55 billion) last year from sales in 150 countries. BRF, the largest poultry exporter, booked net revenue of 39 billion reais in 2016.

Police said they arrested three BRF employees and two from JBS in Friday's raids, as well as 20 public officials.

JBS said in a securities filing that three of its plants and one of its employees were targeted in the probe, but its senior executives and headquarters were not targeted. The company said it followed rigorous quality standards and sanitary regulations.

BRF also said it followed industry regulations and was cooperating with authorities in the investigation.

Court documents cited recordings of BRF director Andre Luiz Baldissera allegedly discussing on March 13 how health officials could help defend the company after inspectors in Italy found traces of salmonella in four containers shipped from a plant in Goiás state in central Brazil.

The ruling by federal judge Marcos Silva also included transcripts of BRF government relations executive Roney Nogueira allegedly discussing bribery of health inspectors, including one called on to help avoid the closure of the same Goiás plant.

The judge also ordered that BRF Vice President José Roberto Pernomian Rodrigues be brought in for questioning.

Baldissera, Nogueira and Rodrigues could not be reached for comment.

PLANTS CLOSED

Brazil's Agriculture Ministry temporarily closed three plants cited in the investigation, one run by BRF and two run by smaller rival Grupo Peccin, and began removing their meat products from supermarkets.

Eumar Novacki, the ministry's executive secretary, said there was some concern that other countries would begin blocking shipments of Brazilian meat. Agriculture Minister Blairo Maggi will meet on Monday with foreign ambassadors to allay concerns.

Sergio De Zen, a livestock expert at the University of Sao Paulo, said other countries may be eager to block Brazilian exports in the fiercely competitive protein market.

"But the impact will not be as big as it would be if another country had discovered this problem," he said. "It is Brazil itself that is revealing this."

United States food safety body FSIS said it was in contact with Brazil's government and monitoring the situation. It said food supply in the U.S. was safe due to a re-inspection system applied to all imported meats.

The food industry investigation is the latest in a string of corruption probes in Brazil, as a tougher judiciary takes on cozy relations between the government and powerful businesses, backed by public outrage during a deep economic slump.

After investigations into political kickbacks on public works and oil and gas contracts, Friday's probe struck at the heart of the booming agricultural sector, one of the few bright spots in Brazil's economy and a major source of exports.

Police said there was evidence that meatpackers falsified documentation for exports to Europe, China and the Middle East.

Judge Silva wrote in his ruling that employees of some meatpackers, including BRF, arranged bribes and favors for inspectors ranging from political donations and favorable bank loans to small bribes including hams and other meat products.

In some cases, those inspectors would then allow employees of the meatpackers to enter government offices, access computers and issue their own export certificates, investigators said.

(Reporting by Brad Haynes; Additional reporting by Sergio Spagnuolo in Curitiba, Pedro Fonseca in Rio de Janeiro, Guillermo Parra-Bernal, Brad Brooks, Marcelo Teixeira and Alberto Alerigi in Sao Paulo, Mark Weinraub in Washington; Editing by Daniel Flynn, Marguerita Choy and Bernard Orr)

[Emphasis added].

32. On March 18, 2017, the *Associated Press* published an article entitled "Brazilian firms 'bribed inspectors to keep rotten meat on market' as plants raided in corruption probe," stating in pertinent part:

Brazilian firms 'bribed inspectors to keep rotten meat on market' as plants raided in corruption probe

By Associated Press

18 MARCH 2017 • 12:51AM

Two big Brazilian meatpackers bribed inspectors to keep rotten meat on the market, police charged on Friday in issuing dozens of arrest warrants, while a judge accused the Agriculture Ministry of betraying the country.

Part of the money allegedly paid by meatpackers JBS and BRF was channelled to two major political parties, including the one of President Michel Temer, police said after a two-year investigation.

Authorities warned that the case was a severe blow to the international image of Brazil's agribusiness sector, which officials have been counting on heavily for helping Brazil recover from its worst recession in decades.

Investigator Mauricio Moscardi Grillo said at a news conference that the two meatpackers used chemicals to improve the appearance and smell of expired meats. He said at least one executive reported that rotten meat was mixed with healthy meat to be sold to consumers.

Cheaper products like water and manioc flour were also blended with meat sold by the two companies, Grillo said, adding that three plants have been shut down.

The investigator said school children in the southern state of Parana were fed with dangerous meat. "They are getting food made of outdated, rotten and many times cancerous products so the economic interest of this mighty crime gang is obeyed," Grillo said.

Police said the meatpackers had direct influence in the Agriculture Ministry so they could pick the inspectors who would visit their plants. Those inspectors would produce sanitary certificates regardless of the adulteration of the products, police said.

In his decision to authorize arrests, Judge Marcos Josegrei da Silva said the Agriculture Ministry has a "staggering" involvement in fraud and corruption. "The ministry was taken hostage by a group of individuals that repeatedly betrayed their obligation of serving society," Silva wrote.

Grillo said some of the expired meat was exported to Europe. He said four containers of BRF meat contaminated with salmonella were stopped in Italy in 2016, but nothing was done against the company.

* * *

Novacki said there were "very small risks" in consuming meat processed by JBS and BRF. "It is not the majority of the meat. But there is (a risk)," he said. "The three or four plants where this happened were shut down today for us to see what happened in each of them."

Shares in JBS closed on Friday on the Sao Paulo stock exchange down more than 11 percent, while those of BRF fell almost 8 percent.

Grillo said some of the bribes paid to inspectors were channelled to two political parties – Temer’s centrist Brazilian Democratic Movement Party and the right-leaning Progressive Party, which is part of the president’s governing coalition.

[Emphasis added].

33. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s ADRs, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

34. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired JBS ADRs publicly traded on the OTC Market during the Class Period (the “Class”); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

35. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, JBS securities were actively traded on the OTC Market. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by the Company or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

36. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

37. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

38. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether the federal securities laws were violated by Defendants' acts as alleged herein;
- b. whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial condition, business, operations, and management of the Company;
- c. whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- d. whether the Individual Defendants caused the Company to issue false and misleading SEC filings and public statements during the Class Period;
- e. whether Defendants acted knowingly or recklessly in issuing false and misleading SEC filings and public statements during the Class Period;
- f. whether the prices of JBS securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

- g. whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

39. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

40. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- a. Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- b. the omissions and misrepresentations were material;
- c. JBS securities are traded in efficient markets;
- d. the Company's securities were liquid and traded with moderate to heavy volume during the Class Period;
- e. the Company traded on the OTC Market, and was covered by multiple analysts;
- f. the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- g. Plaintiff and members of the Class purchased and/or sold JBS securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

41. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

42. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Against All Defendants

43. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

44. This Count is asserted against the Company and the Individual Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

45. During the Class Period, the Company and the Individual Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

46. The Company and the Individual Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff

and others similarly situated in connection with their purchases of JBS securities during the Class Period.

47. The Company and the Individual Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

48. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other personnel of the Company to members of the investing public, including Plaintiff and the Class.

49. As a result of the foregoing, the market price of JBS securities was artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the Individual Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of JBS securities during the Class Period

in purchasing JBS securities at prices that were artificially inflated as a result of the Company's and the Individual Defendants' false and misleading statements.

50. Had Plaintiff and the other members of the Class been aware that the market price of JBS securities had been artificially and falsely inflated by the Company's and the Individual Defendants' misleading statements and by the material adverse information which the Company's and the Individual Defendants did not disclose, they would not have purchased JBS securities at the artificially inflated prices that they did, or at all.

51. As a direct or proximate result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

52. By reason of the foregoing, the Company and the Individual Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchases of JBS securities during the Class Period.

COUNT II

Violation of Section 20(a) of The Exchange Act Against The Individual Defendants

53. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

54. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information regarding the Company's business practices.

55. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the

Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

56. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of JBS securities.

57. Each of the Individual Defendants, therefore, acted as a controlling person of the Company. By reason of their senior management positions and/or being directors of the Company, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, the Company to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of the Company and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

58. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: March 22, 2017

By: