

CORRUPTION FROM THE INSIDE

A man in a dark suit stands with his back to the camera in a city street. The ground is covered in a thick layer of falling US dollar bills, and more bills are falling from the sky. The background shows classical buildings and a cloudy sky. The overall scene is surreal and dramatic, symbolizing corruption and the flow of money.

AN INTERNAL AFFAIRS APPROACH

LATIN AMERICA ACADEMY FOR TAX AND FINANCIAL CRIME INVESTIGATION

Managing Financial Investigations (Intermediate) Programme

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Introduction



Corruption is a major challenge that affects governments and companies worldwide.

This presentation will approach the topic through **Internal Affairs** point of view, the role played by **public agents** and will encourage participants to discuss the subject through practical cases.



What is
corruption?



A black and white photograph of a hand holding a fan of US dollar bills. The hand is positioned in the lower right quadrant of the frame, with the fingers spread, holding the bills. The bills are fanned out, showing various denominations, including a \$100 bill. The background is dark and out of focus.

“Corruption is the
abuse of power
for private gain”

(Transparency
International)

| Forms of Corruption

BRIBERY

COUNTERFEITS

***SELL SENSITIVE
INFORMATION***

NEPOTISM

VAT FRAUD

ILLICIT TRADE

***MONEY
LAUNDERING***

***ILLICIT
ENRICHMENT***

CONFLICT OF INTERESTS



Impact of Corruption



Impacts of Corruption

**ORGANIZED
CRIME**

TERRORISM

**INCREASES SOCIAL
VULNERABILITY**

**POOR PUBLIC
SERVICES**

CRIMINALITY

INJUSTICE

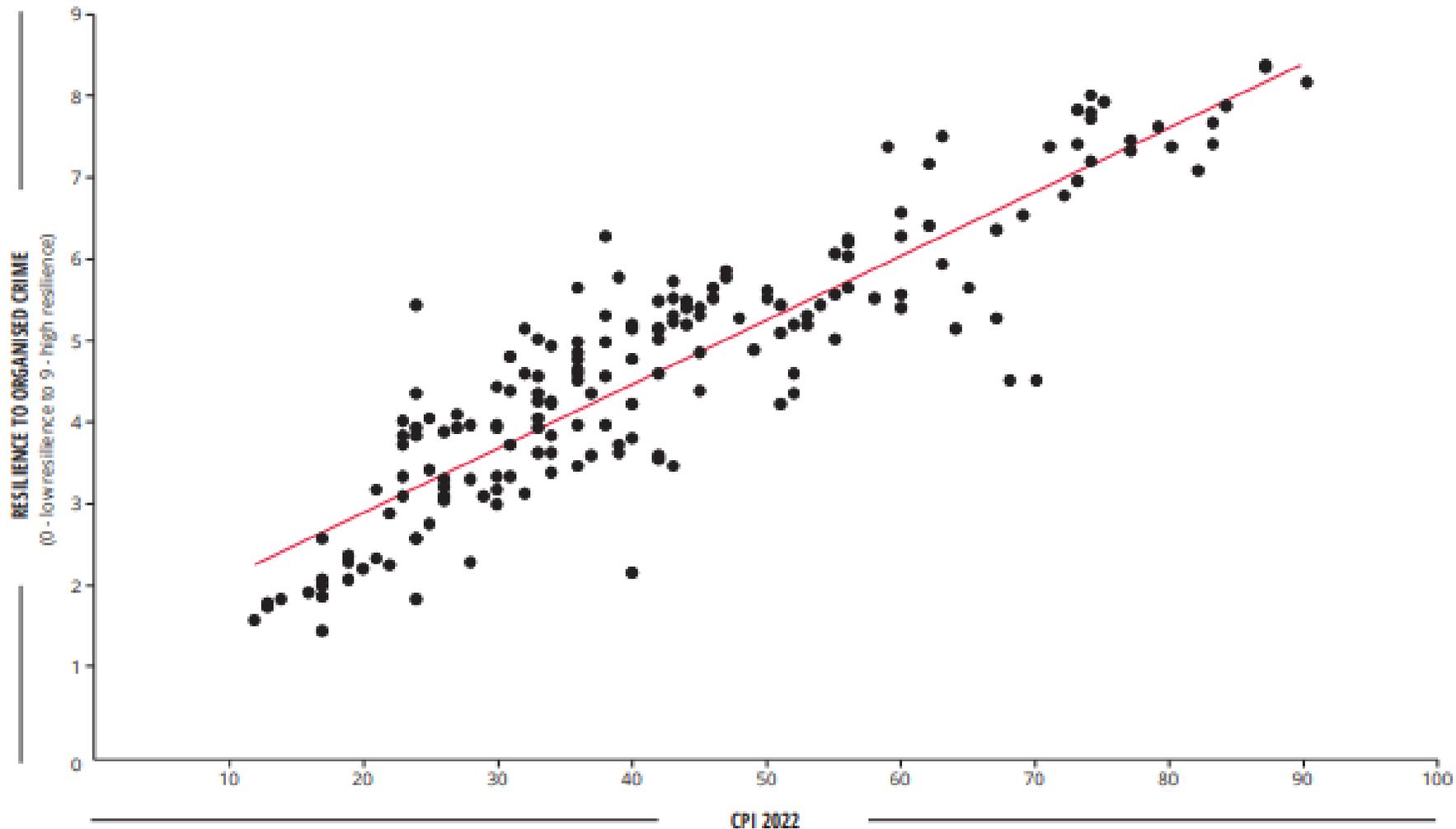
**CORRODE TRUST IN
SYSTEMS AND
INSTITUTIONS**

**PERPETUATES
POVERTY**



Corruption and Resilience to Organised Crime

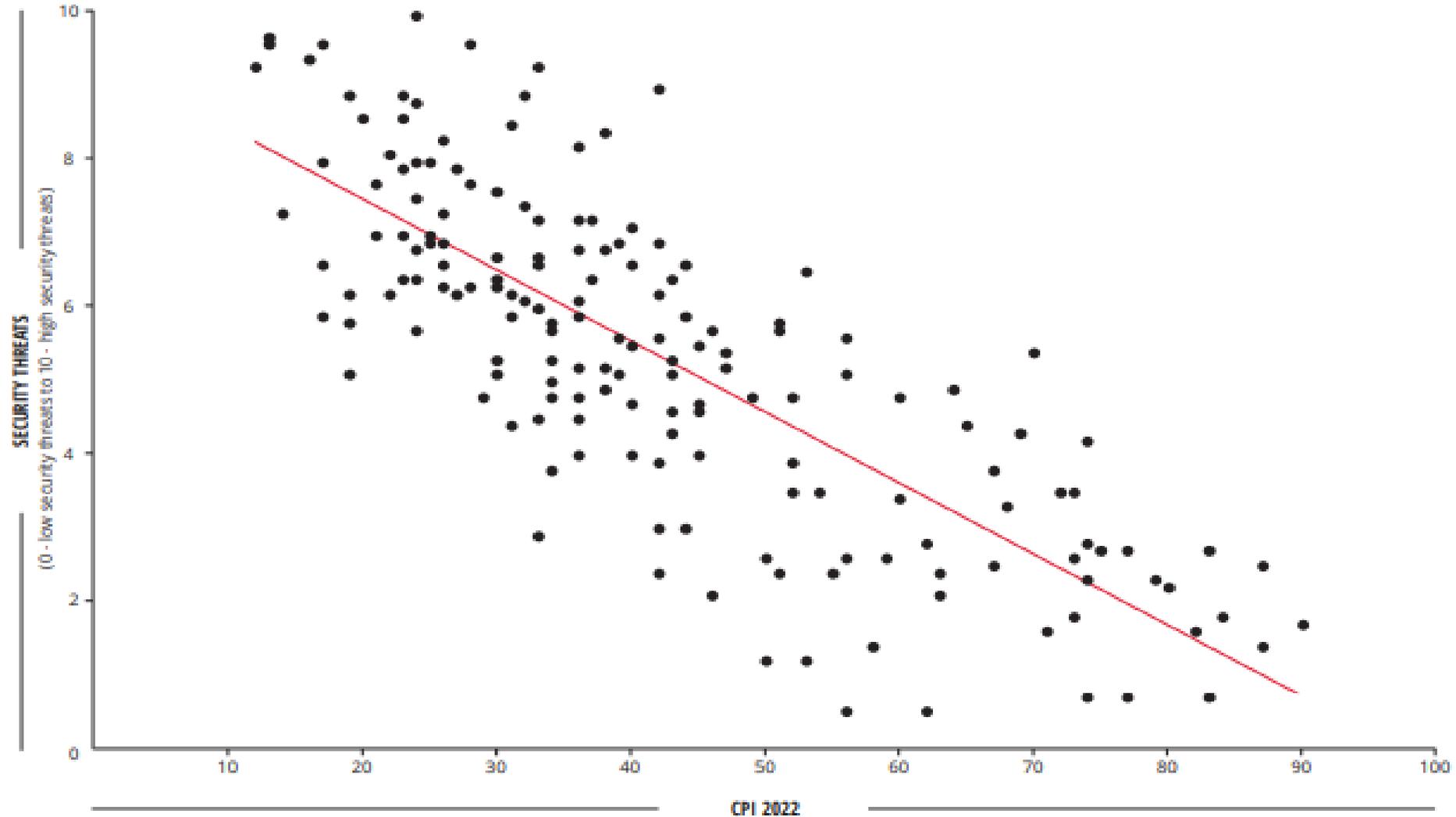
Countries with high CPI scores are more resilient to the threats posed by organised criminal groups.



Source: Transparency International's Corruption Perceptions Index 2022 and the Global Initiative against Transnational Organized Crime.

Corruption and Security Threats

Countries with low CPI scores tend to experience more violent threats, and be worse at dealing with them and guaranteeing the safety and security of their populations.



Source: Transparency International's Corruption Perceptions Index 2022 and the Fund for Peace Fragile States Index.

| Internal Affairs



The role of internal affairs

Internal affairs is responsible for ensuring that organizations comply with laws, regulations, and ethical standards. It plays a crucial role in **preventing** and **detecting** corruption. Internal affairs can establish **policies, procedures,** and **controls** to reduce the risk of corruption. It can also investigate and punish corrupt behavior.

| Internal Affairs



People are in the center of organizations and governments. They are one of the key elements for the success or failure in companies.



Public Agents are entrusted with protecting the public interest. When engaged in corrupt behavior they can undermine the institutions they serve and its credibility.



| Internal Affairs

Public Agents:

- *Speak for and in the name of Public Administration*
- Public Integrity Orientated
- Code of Conduct

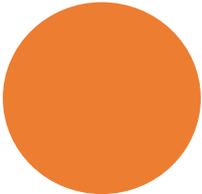


DO YOU KNOW ABOUT A
CODE OF CONDUCT IN
YOUR ORGANIZATION?



GROUP WORK #1

Ethical dilemmas
Corruption cases
Behaviours



GROUP 1



The Dilemma of Accepting a “Gift”

Scenario: You are a public agent overseeing procurement for public contracts. A business executive from a major company, bidding for a government contract, offers you an expensive gift, claiming it is a gesture of goodwill and gratitude. While it's not an outright bribe, the gesture could be interpreted as a way to influence your decision-making.

Discussion:

- Is it ever acceptable for public agents to accept gifts in the course of their duties, or should any form of gift-giving be strictly prohibited?
- How can public agents manage the perception of conflict of interest while maintaining professional relationships in a political or business context?
- What is the best way to navigate situations where cultural practices or informal exchanges may blur ethical boundaries?



GROUP 2



The Dilemma of “Pushing the Boundaries” in a High-Pressure Investigation

Scenario: You are leading a large corruption investigation in a government agency that is known for its inefficient and corrupt practices. The investigation is running up against tight deadlines and mounting pressure from the media and the public. In order to meet the deadlines, your team begins to bypass some routine checks and balances in the investigation process to speed things up.

Discussion:

- Should a public agent ever prioritize speed over integrity, especially in high-stakes corruption investigations?
- How do you manage pressure to “cut corners” without undermining the legitimacy of the investigation and the broader anti-corruption framework?
- What role do checks and balances play in ensuring public agents uphold ethical standards under intense scrutiny?



GROUP 3



The Dilemma of Reporting a Colleague's Act of Corruption

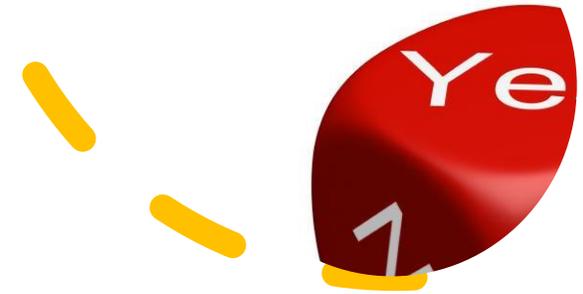
Scenario: You are a mid-level public agent in a government agency and you discover that a senior colleague has been engaging in a scheme to divert public funds to his/her own business ventures. This colleague has been a mentor to you and has helped you advance in your career. You're uncertain about the right thing to do because exposing this person could jeopardize your own career and reputation.

Discussion:

- How should public agents approach situations where their personal relationships conflict with their duties to uphold ethical standards?
- What is the role of loyalty in the public service, and how does it affect decision-making when corruption is involved?
- How can corruption be reported without fear of retaliation?



GROUP 4



The Dilemma of Using Personal Influence for Public Benefit

Scenario: You are a high-ranking agent in a government agency and you discover that a close family friend has been awarded a government contract. You are certain that your friend has the qualifications for the job, but you also suspect that the bidding process wasn't entirely transparent and that other companies may have been unfairly excluded.

Discussion:

- Is it ever acceptable for public agents to use their influence to benefit people close to them, as long as it doesn't directly harm the public interest?
- How do public agents ensure that their personal relationships don't cloud their professional judgment, especially in decision-making roles?
- What steps can be taken to increase transparency and fairness in public procurement to avoid the perception of favoritism?



CAN HONEST PEOPLE ACT CORRUPTLY?





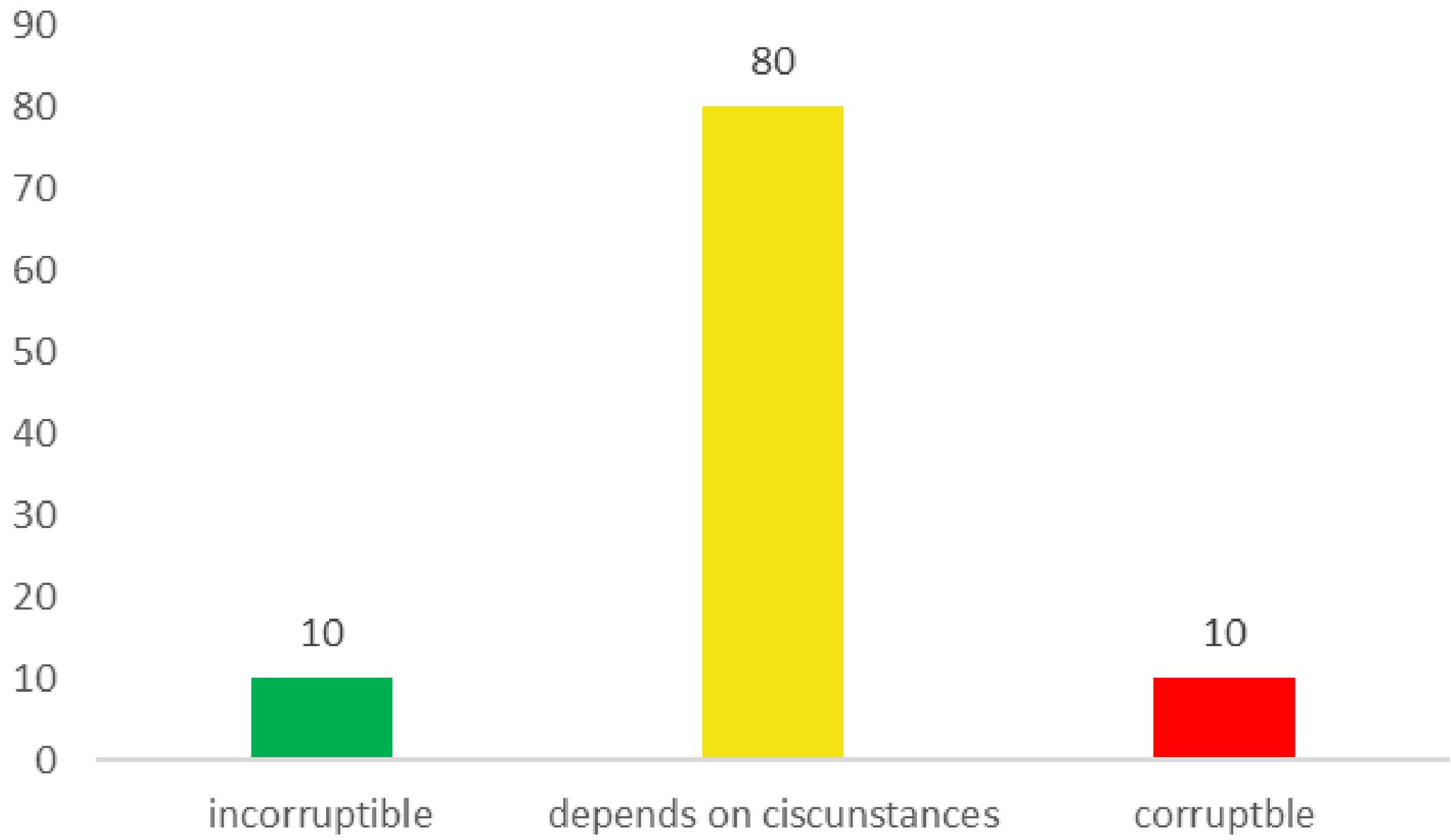
WHY DO PEOPLE GET INTO CORRUPT ACTS?



| Honest People and Corruption – Findings

- People are not as ethical as they think
- Guilt becomes smaller when shared
- Transparency is not an end in itself
- Unethical choices are often made by people who want to behave ethically
- Social dynamics impact individual behaviour
- Making choices in the public interest requires trust in the system





Internal Affairs

Year of 2023 - Brazil

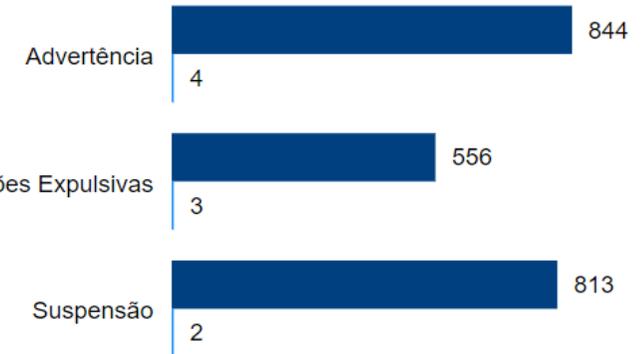
% of dismissive sanctions applied with legal basis related to corruption in the federal public service after administrative proceedings

48,7%

SANÇÕES APLICADAS A AGENTES PÚBLICOS

SANÇÕES APLICADAS: 2.223

● Sanções Vinculadas a Procedime... ● Sanções Não Vincul...



Percentual de sanções expulsivas reintegradas: **1,8%**

Percentual de sanções expulsivas com fundamento legal ligado à corrupção: **48,7%**

Quantidade de Termos de Ajustamento de Conduta celebrados: **2**

<https://centralpaineis.cgu.gov.br/visualizar/corregedorias>

| How to Investigate





**KEEP
CALM
AND
FOLLOW
THE MONEY**



| How to Investigate

- Incompatible living standard for financial compensation as a public agent.
- Brazil is a pioneer country in creating rules to comprehensively oblige public agents to annually submit information to the Public Administration about their income and assets.



| How to Investigate

- Look for external signs (luxury goods such as yachts, watches, vehicles, real estate and property renovations)
- Luxury and frequent parties
- Works of Art, jewels, etc
- Social media and ostentatious lifestyle
- Sudden or drastic change in lifestyle or consumption behaviour

| How to Investigate

- Watch out for:
 - Heritage
 - Prizes
 - Cross border operations
 - Loans/mortgages



As they may be used to launder illicit funds



| How to Investigate

- Inter-institutional Cooperation
- Participation in international organizations
- International Cooperation
- Technical cooperation and cooperation networks



LAVA JATO

A Major Anti-Corruption Operation

A series of investigation that exposed corruption and organized crime in Brazil.

Core strategies, key elements and lasting legacy.

<https://www.youtube.com/watch?v=6eyBWX3hVaE&list=PPSV&t=3s>

Why "Operation Car Wash"?

1

1. Funds Laundering

The name refers to illicit funds being moved through car washes and petrol stations.

2

2. Initial Focus

Initially focused on four criminal organisations led by money operators.

3

3. Petrobras Corruption

Evolving into a massive investigation into corruption at Petrobras, the state-owned oil company.



What Was the Operation About?

Combatting Corruption

A landmark operation against corruption, impunity, and organised crime.

Elite Target

Targeted the highest levels of political and economic power in Brazil.

Plea Bargain Incentives

Relied heavily on a reward system for plea bargains, encouraging cooperation.

How the Scheme Operated



Core Strategies of the Operation

Plea Bargains

A key strategy to dismantle criminal organisations and gather evidence.

Phased Approach

Implemented in phases, allowing for meticulous investigation and public scrutiny.

Domestic and International Cooperation

Involved a network of domestic and international agencies to combat cross-border crimes.

Media Engagement

Strategic media engagement to maintain public awareness and pressure.



Plea Bargains



Collaboration

Plea bargaining fostered collaboration between the judiciary and defendants.



Reduced Sentences

Benefits included reduced sentences, alternative penalties, or even no penalty.



Dismantling Organisations

Plea bargains were a key tool to dismantle criminal organisations from within.



Phased Approach

1

Multiple Phases

Operation Car Wash was conducted in 79 phases from March 2014 to January 2021.

2

Media Attention

Media coverage was strategically used to sustain public attention and pressure.

3

Agency Coordination

Federal agencies coordinated their efforts, ensuring comprehensive investigation.

OPERATION CAR WASH



Cooperation

1

Federal Police

The Federal Police played a central role in conducting investigations.

2

Coaf

The Council for Financial Activities Control (Coaf) monitored financial transactions.

3

Cade

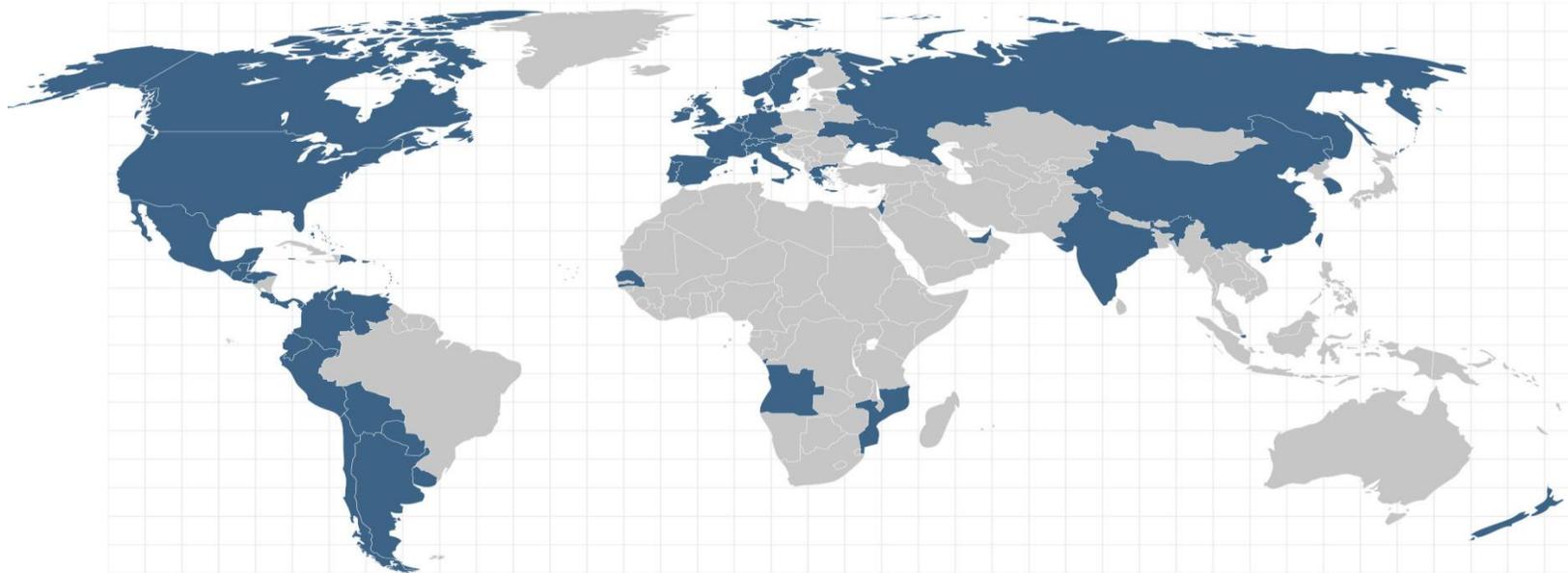
The Administrative Council for Economic Defense (Cade) investigated cartel activity.

4

CGU

The Federal Controller General's Office (CGU) investigated government corruption.

Cooperação Ativa e Passiva na Lava Jato



597 pedidos feitos a **58** países

653 pedidos recebidos de **41** países

10 0 Alemanha	3 1 Dinamarca	7 2 Ilhas Caiman	16 33 Panamá
12 12 Andorra	3 2 El Salvador	2 0 Ilhas Guernsey	5 3 Paraguai
5 0 Angola	1 0 Emirados Árabes Unidos	5 0 Ilhas Virgens Britânicas	6 274 Peru
8 1 Antígua e Barbuda	3 9 Equador	1 0 Índia	0 1 Porto Rico
4 37 Argentina	15 2 Espanha	1 0 Irlanda	40 9 Portugal
2 1 Áustria	77 24 EUA	1 2 Israel	19 4 Reino Unido
20 1 Bahamas	11 10 França	5 6 Itália	2 4 República Dominicana
5 1 Bélgica	1 0 Gibraltar	11 5 Liechtenstein	2 0 Rússia
1 0 Belize	2 1 Grécia	19 0 Luxemburgo	1 0 Senegal
0 2 Bolívia	3 3 Guatemala	1 0 Macau	8 2 Singapura
7 0 Canadá	5 7 Holanda	2 12 México	2 2 Suécia
1 4 Chile	0 2 Honduras	2 3 Moçambique	175 123 Suíça
6 0 China	11 0 Hong Kong	7 0 Mônaco	2 0 Taiwan
2 35 Colômbia	2 1 Ilha de Jersey	1 1 Noruega	0 1 Ucrânia
1 0 Coreia do Sul	4 0 Ilha de Man	1 0 Nova Zelândia	24 6 Uruguai
2 3 Costa Rica			2 1 Venezuela

Dados incluem pedidos de cooperação formulados pelas Forças-Tarefas Lava Jato em Curitiba, Rio de Janeiro e São Paulo, pelo Grupo de Trabalho da Lava Jato na PGR, pela Força-Tarefa Greenfield e pela Procuradoria da República de Pernambuco

Atualizado até 21 de janeiro de 2021

Fonte: Assessoria Jurídica da SCI/PGR

OPERATION CAR WASH



Media Engagement

1

Leaks

Selective leaks and media releases were used to expose corruption.

2

Wiretaps

Leaked wiretap recordings involving the then-president fueled public interest.

3

Political Pressure

Public interest and media attention kept political leaders on the defensive.

OPERATION CAR WASH



Conclusion & Criticism

1

Plea Bargains

Effective tool for dismantling criminal organisations.

2

Impunity

Corruption often thrives in environments of impunity.

3

Criticism

Concerns about arbitrary actions and political motivations.

| INTERVIEWING



**INTERVIEWING IS MORE THAN JUST ASKING
QUESTIONS!!!**



| Interviewing

Set up an Interview with the person under investigation

Purpose:

- Confession (suspect)
- Gathering information (witness)
- Conclusive statement (suspect and witness)



| Interviewing

PREPARATION – 1/4

- Know the case
- Know the person
- Know the evidences
- Prepare an interview plan



| Interviewing

PREPARATION – 2/4

- Place (agency, organization, police department)
- Prepare the room (clean table, good light, position where people sit)
- Tell why the person is there and what you want from him/her



| Interviewing

PREPARATION – 3/4

- Try to “sell” the interview
- Establish empathy and cooperation
- Greeting, offer something to drink, make sure the person is comfortable
- Start interview with an icebreak type of conversation (weather, sports, etc)



Interviewing



Maslow's hierarchy of needs

| Interviewing

PREPARATION – 4/4

- Be confident, calm, polite (=professional)
- Never accept insults



| Interviewing



"Everyone charged with a criminal offence shall be presumed innocent until proved guilty according to law."

Article 6 paragraph 2
European Convention of Human Rights

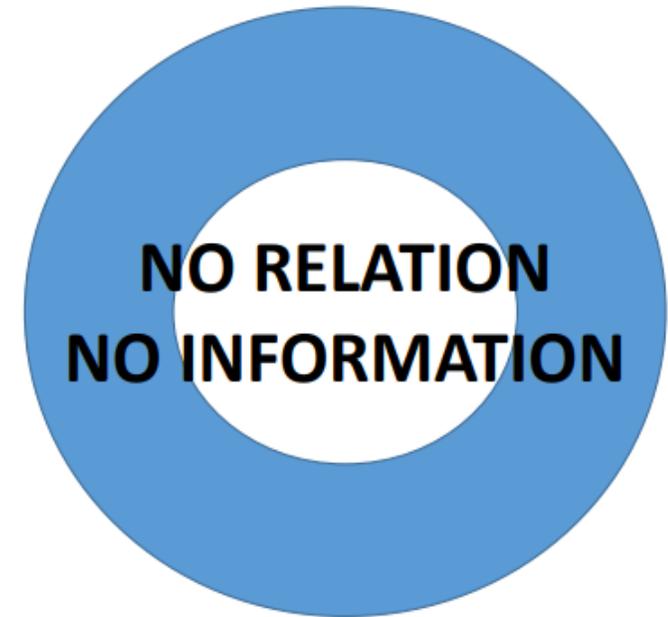


COMMUNICATION AND BEHAVIOUR



| Interviewing

COMMUNICATION AND BEHAVIOUR – 1/4



circle of contact: soft on the relation, firm on the facts

Interviewing

COMMUNICATION AND BEHAVIOUR – 2/4



Investigator's behaviour:

- Be professional
- Curious, interested
- Flexible and open minded (it can always be different)
- Dare to confront
- No assumptions, no judgement
- Don't take it personal

Interviewing

COMMUNICATION AND BEHAVIOUR – 3/4



Investigator's behaviour:

Active listening

Nodding, yes/no, taking notes

Attentive behaviour

Eye contact, active position, non-verbal communication

Emotional reflection

Tell what you see, nervous, uncomfortable – be helpful

Silence

Just wait and watch

Summarize

“This is how I understand it Am I right?”

Paraphrase

Repeat one word or part of the sentence

Confrontation

“How is it possible that...”
“Please explain this evidence”

Interviewing

COMMUNICATION AND BEHAVIOUR – 4/4



Tunnelvision is a risk for your investigation!!!

- No open mind
- Only looking for incriminating evidence
- Judicial errors

| Interviewing

DURING – 1/10

Open-ended questions



| Interviewing

DURING – 2/10

- DON'T INDUCE ANSWERS WITH QUESTIONS!!!!

Don't ask if he/she bought the car.
Instead, ask WHO bought it.



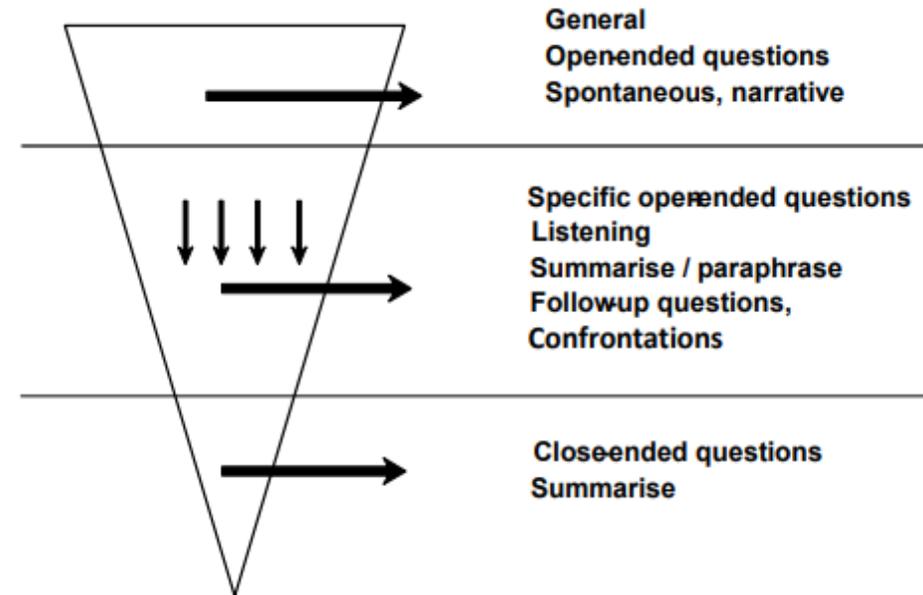
| Interviewing



DURING – 3/10

- Allow the person to express him/herself with the least possible interference
- Ask specific questions for details later

the funnel model



| Interviewing

DURING – 4/10

- Confront him/her with inconsistencies
- Confront him/her with evidences



| Interviewing

DURING – 5/10

- Use reliable standards

i.e. interviewer may say “you told me you bought the car from a tall man. How tall? Tall like me or tall like (name someone famous)?”



| Interviewing

DURING – 6/10

- Be firm and assertive
- Dont allow being interrupted while you speak



| Interviewing

DURING – 7/10

- If the interviewed is still lying and you need to encourage him/her to tell the truth:

APPLY RATIONALIZATION TECHNIQUES!



| Interviewing

DURING – 8/10

- Rationalization to get confession

Criminals will only confess if it is the best rational (not emotional) alternative according to his/her mental evaluation. **Interviewer has to demonstrate that confession will bring more benefits than silence.**



| Interviewing

DURING – 8/10

- Refocus blame: (it can make him/her feel less guilty and confess)

“I know it wasn't your idea to clear up tax debt information from the system, but from those other guys that were already dismissed from the agency. Am I right?”



| Interviewing

DURING – 9/10

- Show a good reason or intention: (it can make him/her feel less guilty and confess)

“I am sure the money was needed in your family, but I need your collaboration to clarify some aspects.”



| Interviewing

DURING – 10/10

- Decrease the magnitude:

“Under my perspective, there are much worse things than that. It was only a yacht. Now, I need to know how you got the money to buy it”



| Interviewing

We are not offering legal excuses for the interviewed, but applying rationalization techniques to make him confess/colaborate more.

IMPORTANT!!!!



| Interviewing

Report of the Interview

- Audio visual recording (best practice)
- Written questions and answers



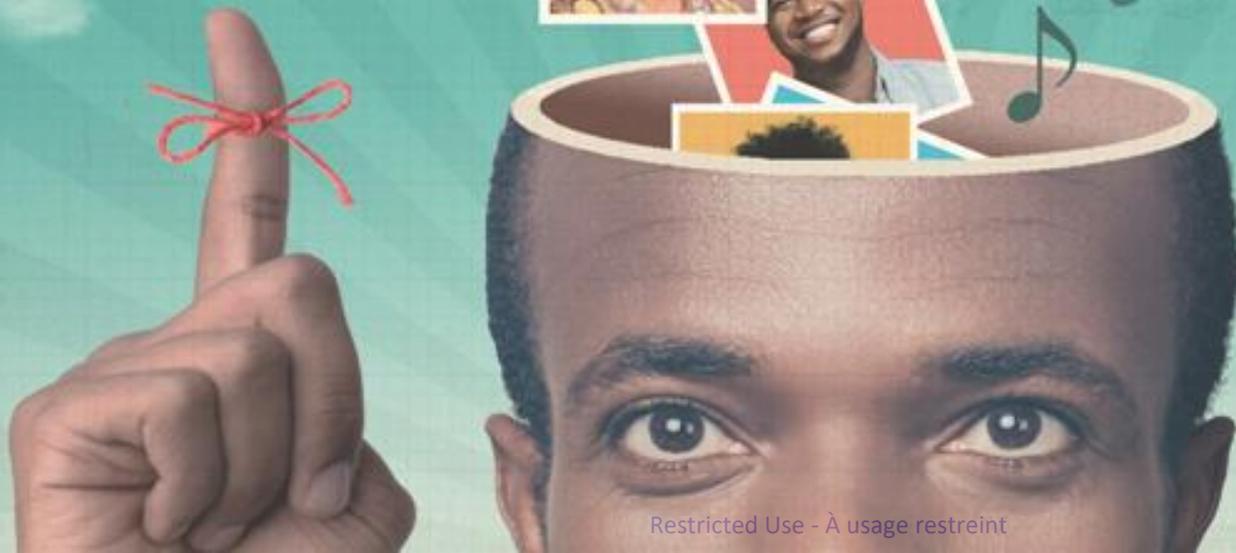
GROUP WORK #3

What are the most important characteristics of a good investigator/interviewer? Why?



MEMORY

AND PRESSURE



HOW RELIABLE IS YOUR MEMORY?



HOW RELIABLE IS YOUR MEMORY?

RECOLLECTIONS

cultural background

profession

social environment

family relations

friends

HOW DOES MEMORY WORK?



HOW DOES MEMORY WORK?

CHARACTERISTICS

not foolproof

not everything is stored

each memory stores the same event differently

memory recreates the event by filling in the missing parts

EXTERNAL PRESSURE



EXTERNAL PRESSURE

physical violence

abuse of authority

no sleep

no light/sun light

promises

gifts

loud music

No food/drink

no legal assistance

EXTERNAL PRESSURE

physical violence

abuse

no sleep

no light/sun light

gifts

loud music

INTERNAL PRESSURE



INTERNAL PRESSURE

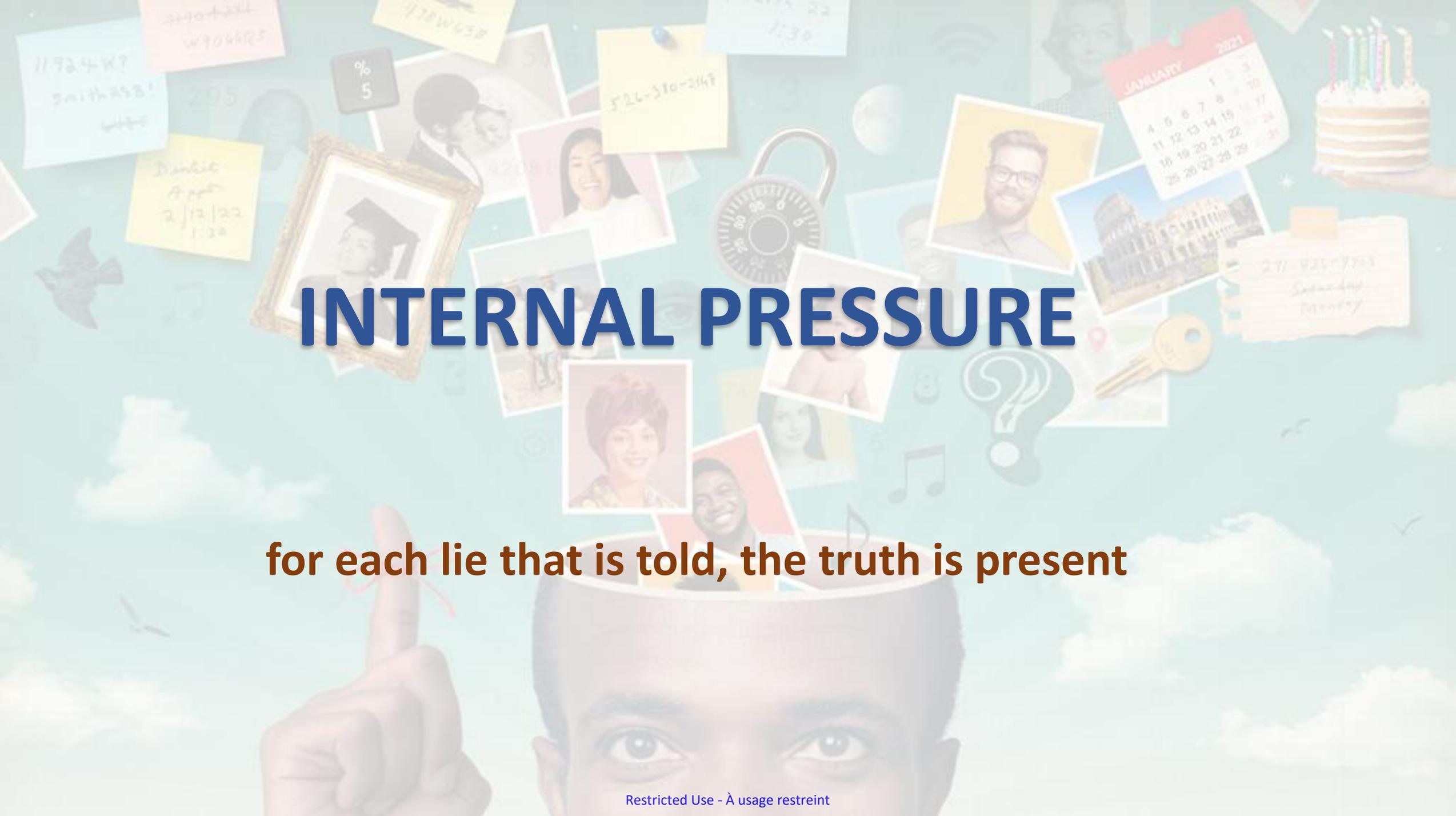
summarize and check

follow up questions

open questions

confrontation (facts, evidences, inconsistencies)

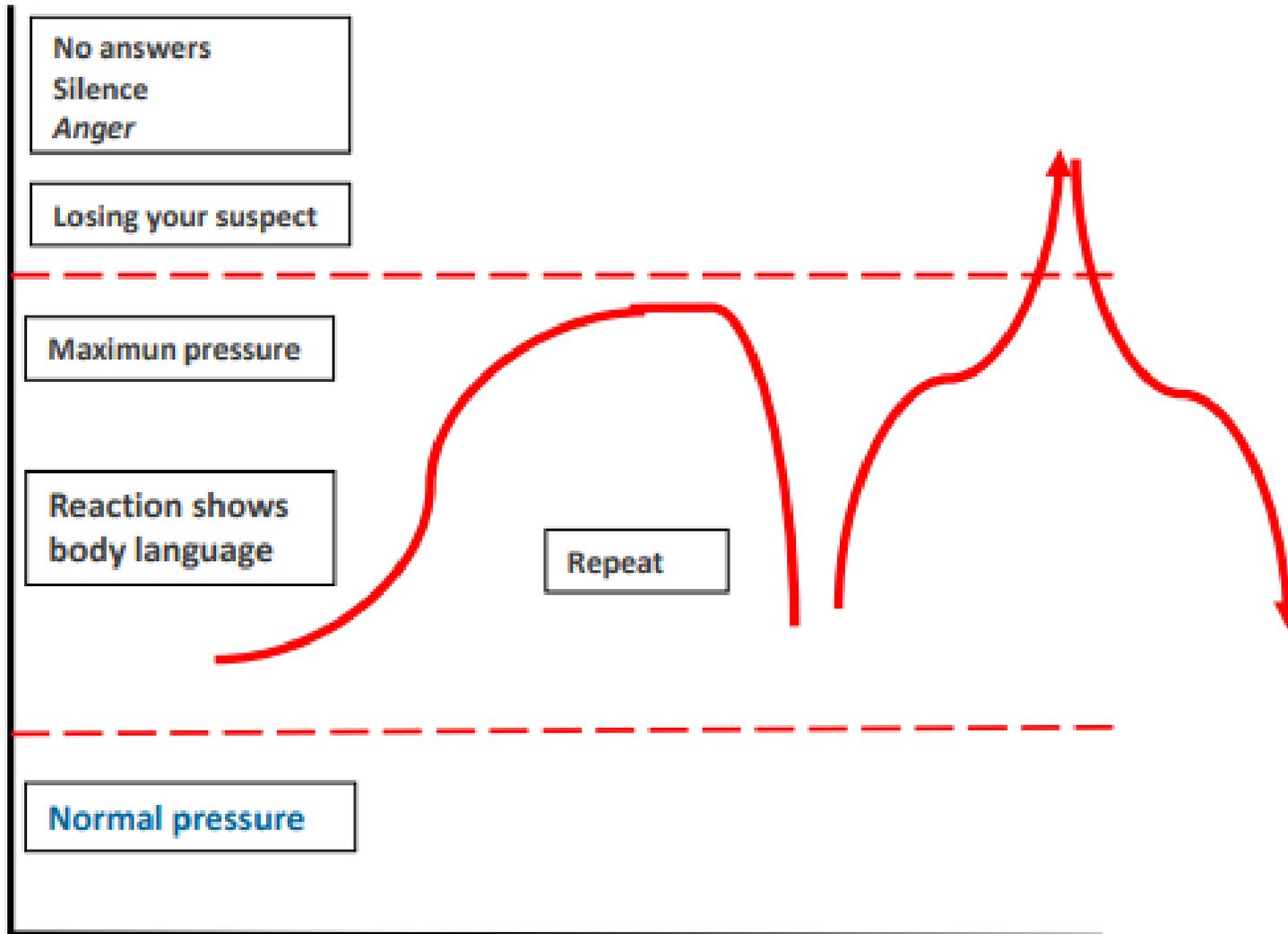
check statement/explanation instead of not believing



INTERNAL PRESSURE

for each lie that is told, the truth is present

Internal pressure



STRESS LEVEL AND BEHAVIOUR

STRESS LEVEL AND BEHAVIOUR

Physical reactions

Sweating, blushing, shaking, smelling, tension of the jaws/muscles/veins

Body movements

Facial expressions, tics, legs, mouth

Voice

Change in volume, pace, pauses, hesitations

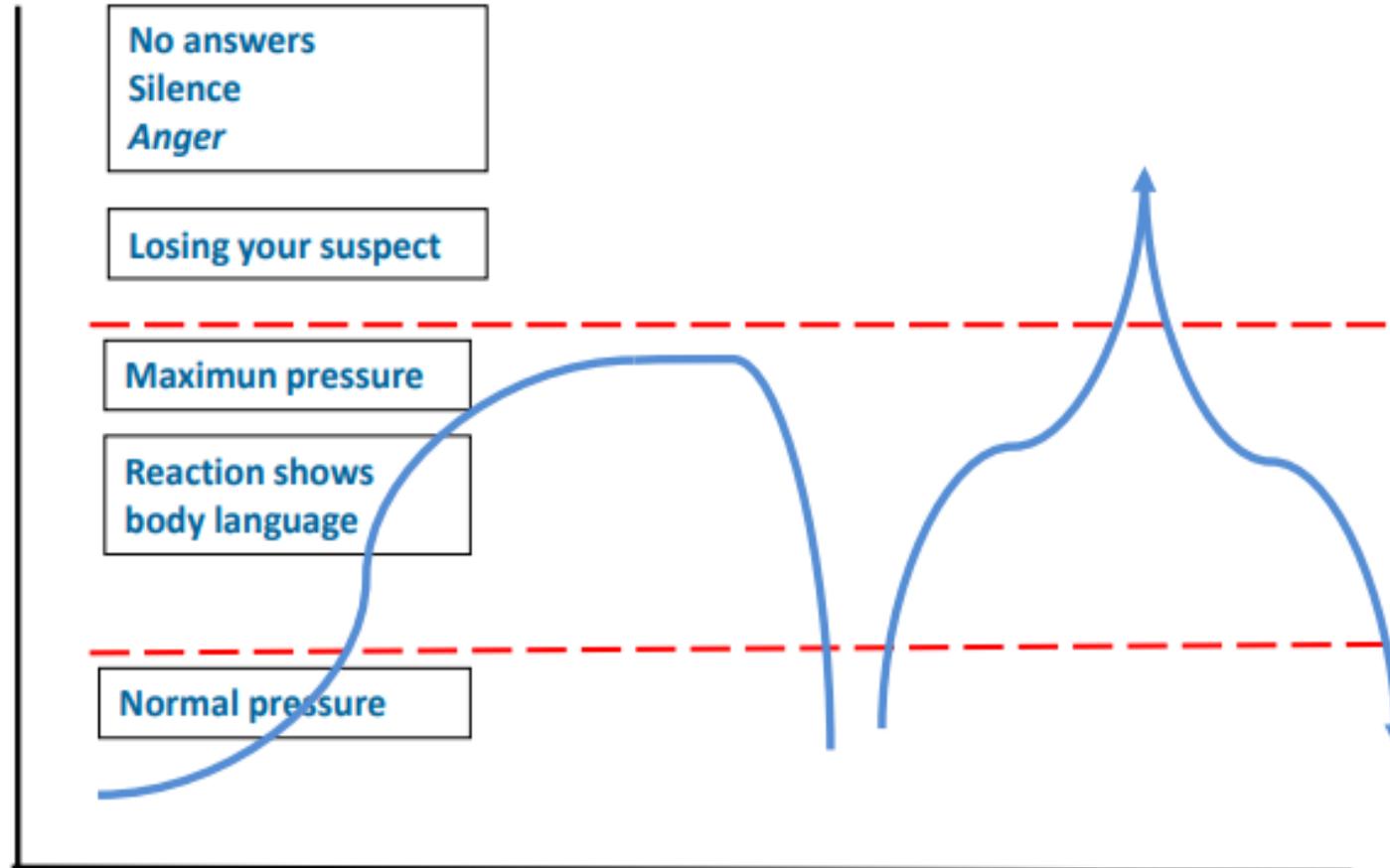
Use of Language

Length of sentences change, mistakes, stopgaps, being vague, rude, etc

Other characteristics

Smoking, asking for food/drink/toilet, changing subject, answering questions with other questions, etc.

The stress level



STRESS LEVEL AND BEHAVIOUR



STRESS LEVEL AND BEHAVIOUR

SILENCE / LACK OF STATEMENT OR ANSWERS



STRESS LEVEL AND BEHAVIOUR

SILENCE / LACK OF STATEMENT OR ANSWERS



Become impatient	Watch behaviour
Expect the resistance to disappear	Tell him/her what you see
Power struggle	Ask questions
Too much insistence to make a statement	Try to find out the reasons of the silence. Once found, apply rationalization techniques
Give up	Keep asking questions (funnel)
Stop talking too	Point out the consequences of his/her silence. It may affect the conviction, sentence, defence, etc



REASONS OF SILENCE



REASONS OF SILENCE

STRATEGY | CAUSES DURING INTERVIEW | PERSONAL

REASONS OF SILENCE

STRATEGY

- Statement about a part of the investigation
- Lawyers' advice
- Assumption of too much/too little evidence
- Hope to gain privileges
- Interviewer is too hard
- Confession/Statement will only be done before Prosecutor or Court
- Fear of revenge
- Cultural / group pressure

REASONS OF SILENCE CAUSES DURING INTERVIEW

- Lack of trust (investigator, interpreter, legal system, etc)
- Pressure is too high
- Behaviour of the interviewer evokes resistance



Watch your own behaviour
Show the benefits from his/her collaboration (rationalize)

REASONS OF SILENCE

PERSONAL

REASONS OF SILENCE

PERSONAL

- Under the influence of drugs/alcohol/medication
- Lacking the influence of drugs/alcohol/medication
- Psychiatric disorder



Ask for medical assistance!!!



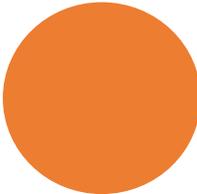
VIDEO
“HOW TO DETECT LYING & DECEPTION”

<https://www.youtube.com/watch?v=tpJcBozuF6A>



GROUP WORK #4

KAHOOT QUIZ



Thank you very much
Muchas Gracias
Muito Obrigada

Daniella Raser Chiaretto

Federal Prosecutor
National Treasury Legal Office
Brazilian Government

