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The Use of Intermediaries in Corrupt Deals

Lessons from the Petrobrás Case for Compliance Officers

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1. Introduction

In the evening of 17 March 2014, agents of the Brazilian Federal Police arrest Alberto Youssef. He is in a hotel room in São Luís, the capital city of the State of Maranhão in northern Brazil. Authorities already know Youssef; he had been convicted for acting as an intermediary for corruption several years before (Netto 2016, Prólogo). He is suspected of committing the same crime, once again, but no one can predict at that moment that his arrest will eventually lead to the largest corruption investigation in the history of Brazil.

The so-called Operation Car Wash ("Operação Lava Jato", in Portuguese) revealed a vast scheme of systemic corruption[1] that lasted for about ten years, during the governments of Presidents Luiz Inácio Lula da Silva (2003–2010) and Dilma Rousseff (2011–2016), both representing the Workers' Party. This ten-year period coincided in large part with the dramatic rise in oil prices that began in the year 2000, and with consequent investment in infrastructure (Folha de S. Paulo 2014) by the state-owned "Brazilian Petroleum Corporation" ("Petróleo Brasileiro S.A." or "Petrobrás").

Petrobrás is a gigantic multinational firm in the oil and gas industry. In 2014, at the beginning of Operation Car Wash, it had published revenues of about $140 billion U.S., and was the world's 28th largest company (Fortune 2016). Over the period concerned, Petrobrás commissioned numerous capital-intensive projects, such as the modernization of its refineries, oil platforms, oil vessels, and gas pipelines (Azevedo 2009).

The type of scheme that the police were investigating in Operation Car Wash is quite common both in Brazil and abroad.[2] It involved the manipulation of the procurement processes in mega-projects, as well as other related offenses, such as bribery (kickbacks) and money-laundering.

The Petrobrás corruption scheme involved three main parties: (a) construction firms, (b) high-ranking bureaucratic officials from Petrobrás, and (c) federal-level politicians. They acted in concert to raid the coffers of the oil company. In exchange for large kickbacks, a group of Petrobrás executives awarded large infrastructure projects to a group of construction firms. The firms were organized in a cartel to defraud the bidding processes through price fixing, market sharing, bid rotation, and cover pricing, without opposition from these executives, who eventually signed construction agreements with an overcharge of up to 3%. Portions of the overcharge were diverted to

[1] Systemic corruption is based on the development of coordination mechanisms, informal norms, and sanctions, the attribution of roles, and the distribution of benefits to key actors. It flourishes by building up protective barriers against the internal risks of defection and free riding, and the external threat of judicial action and political reform (Vannucci 2009, p.258).

[2] According to the Organization for Economic Cooperation and Development (OECD, 2014), bribes were promised, offered, or given to employees of public enterprises (state-owned or controlled enterprises, SOEs), such as Petrobrás, in 27% of all 427 bribery cases reported by the signatory countries of the OECD Anti-Bribery Convention (1999–2014). The same report also informs the readers that in the majority of cases, bribes were paid to obtain public procurement contracts (57%). Moreover, the extractive sector (which includes oil and gas) and the construction sector (also involved in the Petrobrás case) are commonly vulnerable to corruption: 19% and 15% of all foreign bribery cases occur in these two sectors respectively (OECD). Therefore, the bribery scheme to be explored herein is typical in many aspects.

Petrobrás executives and also to the politicians from the governing coalition who had appointed the executives involved in the award of the construction contracts. The three parties of the scheme often employed intermediaries: especially the firms and the Petrobrás executives.

The Petrobrás case has been considered one of the world's largest corruption scandals (The Guardian 2017), involving more than $5 billion U.S. of illicit payments and involving much of Brazil's political and business elite. At the time of writing (October 2017) more than 80 sitting Brazilian politicians were under investigation and more than 250 Petrobrás officials, past and present politicians, and businesspeople had been indicted. Moreover, the scandal spread to 16 countries in four different continents.

As an intermediary, Alberto Youssef used to assist those giving and receiving bribes to make their exchanges, including money-laundering services. According to the authorities, Youssef alone conducted as many as 3,500 international fund remittances, between 2011 and the time of his arrest in March 2014 (Netto 2016, Velhos Conhecidos), transactions that totalled $400 million U.S. In fact, Youssef turned out to be only one of at least 16 intermediaries investigated by Operation Car Wash (Estadão 2016).

The OECD has described an intermediary as an individual or legal entity that is put in contact with or in between two or more trading parties (2009, p.5). In business contexts generally, an intermediary is a conduit for goods or services offered by a supplier to a customer. The intermediary can take part in legitimate economic exchanges, in illegitimate ones, or in a combination of the two (OECD).

Intermediaries are widely employed in corrupt transactions worldwide. At least 71% of the 427 bribery cases reported by the signatory countries of the OECD Anti-Bribery Convention between 1999 and 2014 involved an intermediary (OECD 2014, p.29). More than 90% of the 240 Foreign Corrupt Practices Act (FCPA) cases in the United States from 1977 to mid-2017 also involved an intermediary (Stanford Law School and Sullivan & Cromwell LLP 2017).

The present case study investigates some of the reasons why intermediaries were so widely employed in the Petrobrás scheme to help understand this common international phenomenon. Intuitively, one might assume that the payer and the receiver of bribes would be better off simply transacting with one another directly. By avoiding the intermediary, fewer people would know their secret, and they would also avoid paying fees to an additional party. However, neither the international statistics in general nor the Petrobrás case in particular support this intuition: corrupt parties often use intermediaries to conduct their exchanges.

The frequent use of intermediaries is due to, *inter alia*, the assistance they offer in reducing the costs of corrupt transactions. This paper will discuss three selected reasons for this, related to three specific transaction costs of corruption: (i) managing the risk of being detected by law enforcement authorities, (ii) solving the communication problems that directly affect the initiation and set-up of illegal transactions, and (iii) operating complex money-laundering schemes. In addition, the present paper is intended to provide insights for practitioners in different areas, primarily compliance officers operating in companies exposed to the risk of engaging corrupt intermediaries in public-works projects in particular. Thus, several red flags that help identify risks will be listed, due diligence references will be

provided, and suggestions will be made concerning contractual provisions and performance monitoring measures.

2. Methodology

Case studies permit the examination of factual phenomena to better comprehend how economic agents manage their problems. The examination of real-life cases can uncover the rules agents decide to follow, their strategies, how they coordinate their activities, etc. Thus, the case study methodology is most appropriate for investigating the mechanics of bribery deals.

Detractors of the case study approach typically point to the impossibility of extrapolating findings with complete reliability, and this is a real limitation. Nevertheless, this methodology offers an exceptional opportunity to explore and understand a subject-matter, test a hypothesis, and help clarify the working of institutions in a given setting (Alston 2008, p.121). Moreover, the Petrobrás swindle, in particular, displays important similarities to many other cases involving the oil and gas industry, construction companies, and public procurement by state-owned enterprises.[3]

The events researched in this paper occurred roughly between 2004 and 2014. As of October 2017, investigations are still ongoing. While it appears unlikely, it is possible that, as the investigations and trials continue, new data may emerge that might contradict, or prompt different interpretation of the facts presented here. Readers of this study should take this potentially fluid reality into account.

Nevertheless, the short elapsed time between the disclosure of the facts in question and the undertaking of this study should not itself be seen as a source of bias. The assumption that facts that have gone through the filters of history are more precisely or objectively understood is inherently questionable. Even after the passage of a considerable time, the examination of a series of events will invariably be influenced by the historical moment in which the research is undertaken. The perspective taken by any investigation is a product of its time.

Similarly, another apparent weakness of case studies is the subjectivity of the investigator, whose past experiences and individual circumstances may impact how the facts are recorded and interpreted. The author of this paper comes from the country where most of these events occurred and has more than 15 years of experience in private firms involved in public works, both in Brazil and abroad. At the time of writing (October 2017), one of these firms stands implicated in the wrongdoings being discussed in this paper. While recognizing the potential impacts of bias, however, any interpretation of reality –

[3] A similar example is the Skanska case in Argentina. In 2004, the Argentine Ministry of Planning opened a bidding process for the construction of two natural gas pipelines and compressor stations. Skanska's initial bid for the projects was far above the cost estimate for the project. Nevertheless, Argentina's regulatory agency for the gas sector approved the cost increase and Skanska was awarded the contract. After construction began, a judicial investigation found Skanska had paid 118 fake invoices to at least 23 fictitious companies. Money reportedly went to bribe officials and assist the construction firm in evading taxes. The individuals suspected of accepting bribes have not been publicly identified, but several officials did face charges of fraud, unfaithful public management, and bribery for choosing the more expensive Skanska bid. In 2011, however, an Argentinean federal court discontinued the trial for lack of evidence that the contract was overpriced (Sayne et al. 2017, p.38).

especially where the goal is to make sense of human behaviour – is unavoidably influenced by the researcher's past experiences and individual circumstances. In fact, the author's professional experience offers some insights into business practices in public works and the stances, concerns, and strategies of various players in these transactions.

After taking these various factors into account, the case study is a suitable methodology to investigate corrupt transactions. Despite the aforementioned potential for bias – which ought to be considered by compliance officers and other analysts when interpreting its conclusions – this study should offer helpful insights into the mechanics of corruption and into how the issue may be handled appropriately, or even prevented.

3. Research Methods

In addition to Brazilian and foreign daily newspapers, and documents from court proceedings, the present paper is mainly based on depositions, in Portuguese, from 32 people implicated in the Petrobrás scheme in the course of almost 40 court sessions.[4] The deponents were businesspeople, bureaucrats, politicians, and intermediaries; the sessions were video-recorded by the Court of Justice and made accessible on the Internet, totalling about 40 hours of testimony.

Although most of the deponents were engaged in legal defense of their own cases, which might contribute to biased or falsified accounts of the facts, they were also acting within the terms of Cooperation Agreements they had signed with the Prosecutor's Office. According to these agreements, the deponents would be entitled to a penalty reduction as long as they truthfully disclosed relevant details and provided evidence to the authorities. Manipulation of the facts by the deponents was therefore strongly disincentivized. All in all, the video recordings offer a rare chance to understand the mechanics of corruption that would otherwise remain unknown to society at large. It is unusual for researchers to have this degree of access to first-hand accounts of grand corruption.

4. Reasons for the use of intermediaries in the Petrobrás case

Uncertainty is a ubiquitous element of economic exchanges. The corruption business in particular displays uncertainties that often make transactions costly to carry out. As opposed to production costs, transaction costs entail, for instance, all costs incurred in the transfer and capture of rights that are crucial to the functioning of an economic system (Allen 1999, p.893; North 1992, p.6). They relate to the cost of accessing information and of reducing uncertainty.

The people implicated in the Petrobrás case were fairly well aware of the challenges they had to face in operating the scheme. They took several measures to manage them, ranging from simple behaviour adaptations to more complex collaboration. Otávio Azevedo, CEO of the construction firm Andrade Gutierrez, used to have as many as seven cell phones (Macedo and Coutinho 2016) to put the police off the scent in case they were tapping one of his lines. Another

[4] See Annex 1.

simple behaviour change observed in the Petrobrás case was the extensive use of nicknames. Dwarf, Barbie, Friend, Crab, Decrepit, and Rasputin were some of the nicknames used secretly in the records of Odebrecht, another construction company, for some of its bribe recipients[5] (G1 2017). The use of multiple cell phones and of nicknames were only elementary precautions taken to hide identities and connections between people, reducing the transaction costs of the illegal activity.

In addition to these, the parties used intermediaries, a more elaborate strategy to reduce some of the uncertainties inherent to bribery exchanges. Such a method of collaboration had (or at least seemed to have) a particular effect on the cost reduction of the transactions. Parties to corrupt transactions frequently experience high costs in (i) managing the risk of being detected by law enforcement authorities, (ii) overcoming the communication constraints that directly affect the initiation and set-up of illegal transactions, and (iii) operating an often-complex money-laundering apparatus. Those are only a few concerns that corrupt actors have to deal with to conclude their transactions successfully.[6] Each of the three will be explored further below.

4.1 Managing the risk of being detected

The corrupt parties in the Petrobrás case employed intermediaries to mitigate the cost of avoiding detection by law enforcement authorities, media, etc., among other reasons. Confidentiality and identity protection are crucial to bribery transactions because of their illegality. The demand side, in particular, was mindful of the risk of being caught in the act of committing a crime.[7] Although they were usually informed of the identity of their counterparties, bribe takers and businesspeople would seldom convene, at least until the corruption became systemic. The intermediary would meet them separately to make the connection harder to track. In fact, some of the companies could have never gained access to a public official at all, without employing intermediaries (Soares 2015; Youssef 2015).

The intermediaries caused the parties to perceive themselves as distant from the illicit agreements. The utilization of intermediaries did shield the main parties for a while. However, several intermediaries acting in Petrobrás eventually disappointed their "clients" by becoming key collaborators of law enforcement and revealing the case mechanisms after they were arrested. Due to their role in the transactions, intermediaries could provide a wealth of evidence that eventually led to the detention of many of those who either gave or received bribes. Therefore, the cognitive capabilities (North 1981; Dosi and Egidi 1991, p.145) of the parties proved unsound, as the use of intermediaries did not prove optimal to eliminate the risk of being caught.

[5] The nicknamed bribe recipients were not aware of the epithets, which were often ironic, offensive, or sexist.

[6] Efforts to avoid detection were only some of the many transaction costs involved in a corruption deal. A bribery transaction also includes the cost of access to information (which is often scarce), the cost of deal enforcement, the cost of preventing betrayal by a counterparty, etc.

[7] An extreme parallel can be drawn with the case of Alexei Ulyukayev, former minister for economic development of Russian Federation. He was detained while leaving a meeting with the CEO of Rosneft, Russia´s largest oil company, with $2 million U.S. in bribes in a bag. He was caught in a sting operation and his defense will struggle to dissociate him from the wrongdoing (Reuters 2017).

4.2 Overcoming the communication constraints

In addition to the risk described above, corrupt parties had to develop economic exchanges in an environment where communication was severely restricted, especially due to the confidential nature of the deals. Once again, some of those challenges were either eliminated or mitigated by the use of intermediaries. These communication constraints affected mainly the initiation and the set-up of the corrupt arrangements.

First, a party who intended either to give a bribe to or take a bribe from new counterparties had to find a safe way to initiate conversations to check their disposition to deal. The intermediaries were usually in charge of bridging these gaps; they were influential individuals with access to privileged information (Soares 2015; Youssef 2015). They had been in the business for a long time, and had built relationships of trust with both sides. These intermediaries often referred to the bribe recipients, in particular, as "friends": they knew each other's families, would spend time together on the seaside, would play golf together, and sometimes they would even partner in other legitimate businesses (Soares; Barusco 2015; Góes 2015; Youssef). Therefore, future briber and bribee could rely on intermediaries to approach each other to structure a new deal. Moreover, due to the repetition of the scheme through the years, the intermediaries mastered its functioning, which was not obvious to newcomers (Rose-Ackerman and Palifka 2016, VII. Agents and Middlemen).

Setting up a corrupt deal was even more problematic for the parties. The terms and conditions of the deal could not be negotiated, written down, and signed as they usually are in legitimate contracts. The individuals transacting the bribe needed to negotiate complicated terms and conditions avoiding both the involvement of people that could be of assistance (but who would become aware of the secret), and phone calls and meetings (that could leave traces of their activities). The use of intermediaries was one of the measures taken to mitigate these problems, especially to manage the communication during the negotiation phase. Zwi Skornicki, for example, had a privileged contact with Pedro Barusco, one of the Petrobrás high-level executives. He intermediated the relationship between Barusco and the Singapore-based shipyard Keppel Fels. The foreign company paid kickbacks that amounted to 1% of the price of a contract for drilling vessels (Skornicki 2016); the intermediary played an important role in bringing the two parties together.

4.3 Laundering the proceeds of bribery

In addition to the risk of being detected, and the communication complications faced by the corrupt parties, there was another problem for which intermediaries were practically indispensable: the laundering of the proceeds.

The Petrobrás case is an example of systemic corruption that lasted for about 10 years. Not only were the amounts of money significant, they were also remitted repeatedly. The Brazilian Public Prosecutor's Office estimates that bribes paid in connection with the Petrobrás amounted to a total of $2.8 billion U.S. (Villela 2015). The source, reason, and recipients of such payments had to be hidden using intricate financial maneuvers. Intermediaries took care of most of this work. Normally, the kickbacks were paid in instalments, roughly following the payment milestones of the Petrobrás project contracts (Skornicki 2016).

Basically, the challenge was to operate a complex infrastructure to convert large

bribes into ready-to-use money that could reach the recipient's pocket without leaving a trace. The proceeds of crime used to reach their final recipients both through cash deliveries and deposits in foreign bank accounts (Barusco 2015; Youssef 2015). The construction firms used to sign mock agreements with Brazilian shell companies owned by the intermediaries and would transfer the bribes as if paying for legitimate services. The intermediaries then withdrew a portion of the payment and distributed it using cash-delivery agents (Soares 2015). At the same time, the intermediaries transferred some of the money to other overseas shell companies they owned (often in Switzerland). They used fake import contracts, for instance, to justify a transfer between the two shell companies (Youssef 2015). To make it more difficult to trace the transactions, the intermediaries used successive money transfers through various shell companies, employing extensive layering (Barusco 2015; Youssef 2015). There were variations to this basic scheme: sometimes, for example, the supply side would make payments directly to a foreign shell company belonging to the intermediary. However, the procedure described above was used quite frequently to perform transfers of large sums of dirty money.

5. Recommendations to compliance officers

In the case of Petrobrás, at least some of the public-works companies were aware of the illegal activities of the intermediaries. In other corruption schemes the situation may be different. In any case, companies have often been held accountable for the actions taken on their behalf by third parties.[8]

The compliance apparatus of companies should act alongside law enforcement to bar corrupt intermediaries. Compliance officers of potential bribe payers, *i.e.* companies, are in an especially critical position to help block such offenders. Companies can treat the problem in several different ways. Certain general initiatives that are a must in any compliance programme, such as a tone set from the top, clear policies and procedures, empowered compliance officers, and training, can help restrain corrupt intermediaries. However, recommendations that are more specific, based on the Petrobrás experience, will be considered below.

Companies should prevent corruption in three phases of the relationship with intermediaries. In the first phase, companies should identify red flags and carry on due diligence. In the second phase, companies should make sure that intermediaries agree to appropriate contractual requirements. Finally, in the third phase, companies' contract managers and compliance officers should oversee the performance of their intermediaries.

5.1 Identifying red flags and conducting due diligence

In this context, red flags are signs that may arouse the suspicion of possible corruption. Concerning intermediaries, several red flags can help compliance officers identify risks and determine the scope of the due diligence they should then execute; those related to the three reasons offered above for

[8] Although there is substantial variation in legislation across countries, bribery statutes in many countries criminalize payments to intermediaries (Rose-Ackerman and Palifka 2016, VII. Agents and Middlemen).

employing intermediaries will now be analyzed here.

The fear of being detected by law enforcement authorities usually causes parties – especially bribe receivers – to avoid direct contact with their counterparty and only to accept interaction with the relevant intermediary. Therefore, the warning signs that corporate compliance officers and other personnel should be attentive to include two situations:

- the intermediary informs that the company cannot directly deal with the government official; or
- the intermediary insists that the company should keep information confidential, including his or her own identity, the identity of their interlocutor within the government body, or the existence of the deal itself.

Moreover, as illustrated above, intermediaries are also employed to manage communication between the bribe giver and the bribe taker, especially to start a deal and to set up its terms. Very often this is only possible because the intermediary has a trust relationship with the public official due to a pre-existing connection. Therefore, other clues that should trigger further analysis are:

- the selection of the intermediary was based on a recommendation from a public official, or was grounded in a political, social, familial, or business ties to an official, particularly one connected to the business at issue (Sayne et al., 2017, p.32; The Wolfsberg Group, 2011, p.9); or
- the intermediary promises to arrange meetings with decision-makers in the government or other types of access that the company competitors cannot.

Finally, money-laundering was the main activity of the intermediaries in the Petrobrás case. When it comes to this aspect, a number of elements can help companies identify riskier intermediaries and investigate further. The main red flags are:

- the intermediary seems not to have the technical expertise, experience, staff, and facilities to perform the service being contracted (Iyer, 2016); or
- the intermediary is in a different line of business and lacks track records relating to the products, services, or industries concerned (Ellis, 2014); or
- the intermediary is operating under a shell company or some other non-transparent structure; or
- the description of the scope of work in the contract is vague or does not correspond to a tangible service; or
- the intermediary's commissions and fees are extremely high; or
- the intermediary requests split payments (Price, 2006, p.122) or payment in a foreign jurisdiction that has nothing to do with the services, especially if the jurisdiction is a financial center (Ellis); or
- the intermediary requests the use of a third-party bank account; or
- the intermediary is not supposed to perform any substantive work (Sayne et al., 2017, p.32).

The identification and analysis of preliminary red flags are the initial steps towards planning and conducting efficient due diligence. Compliance programmes should focus specifically on due diligence of intermediaries involved in the transaction (OECD 2014). This process entails deeper investigation of their corporate, commercial, criminal, and financial records, in addition to the circumstances surrounding their engagement for a particular transaction.

Therefore, the scope of the due diligence depends on the preliminary red flags.

The main purpose of this due diligence process is to assess the risks associated with a transaction or of a counterparty, by providing the company with adequate elements to make an informed decision. During such a process, and depending on its focus, the company should check, for instance:

- if the intermediary has been charged or convicted of any corruption-related crime (Price, 2006, p.122-123);
- if the intermediary makes large political contributions (Ellis, 2014);
- if financial references express any reservations regarding the financial probity of the intermediary (Price, 2006) ;
- if media searches reveal potentially damaging information regarding the intermediary (Price, 2006); and/or
- if research reveals undisclosed associations with politicians, bureaucrats, or criminals.

After scanning the intermediary's records and the circumstances of the deal, the company may make informed decisions about whether to engage the intermediary or not and, if deciding to proceed with the engagement, under what terms and conditions.

5.2 Contract negotiation

The negotiation and drafting of appropriate terms and conditions for a contract between the intermediary and the company shall take into consideration the results of the due diligence process. The contract documents may include provisions about the following rights and obligations:

- the intermediary should follow the code of business conduct of the company and collect written consent from his or her relevant subcontractors (if any) to ensure that they adhere equally to the code (Iyer, 2016); and/or
- the intermediary should participate in integrity training offered by the company (Iyer, 2016); and/or
- the intermediary should deliver detailed reports on activities undertaken during contract execution (Iyer, 2016); and/or
- the company should be entitled to perform audits of the intermediary's relevant businesses and accounts, at its own discretion (Iyer, 2016); and/or
- the intermediary should explicitly agree not to pay bribes and it should be possible to terminate the contract early if a bribe is ever paid (The Wolfsberg Group, 2011, p.8); and/or
- the intermediary should not interact with public officials on behalf of the company without prior consent of the latter.

Moreover, in addition, intermediaries should disclose in writing any conflict of interest situations – either actual or potential – in which they might find themselves (Iyer 2016).

The above provisions can help a company monitor the activities of intermediaries during the contract execution phase.

5.3 Monitoring: contract management

In the third phase of the relationship between the company and the intermediary, i.e. after the signing of the agreement, the prevention of corruption is mainly based on performance oversight. Such oversight may entail the active participation of compliance officers.

During the oversight phase, the company should monitor compliance with the terms and conditions of all contract documents, including the company's code of business conduct. In addition to the topics mentioned

in section 5.2 above, in this phase the invoices should be of particular concern. Certain attitudes or responses may suggest that the intermediary is conducting illicit financial operations. If the invoices are unclear, contain inaccuracies or discrepancies, or are accompanied by confusing documents, those responsible for contract management should take action.

During this phase, the compliance officer may decide, for certain particular intermediaries, to monitor the correspondence between the company and the intermediary explicitly. The intervention of the compliance officer should undermine the potential for trust between corrupt intermediaries and their contacts within the company, as the compliance officer should have the authority to suspend payment, terminate the contract, etc., if any deviation from the contract documents occurs.

6. Conclusion

The study of the Petrobrás corruption case is a useful way to understand the mechanics of bribery in real terms. The Car Wash investigations revealed that public-works companies, on the one hand and politicians and Petrobrás executives on the other were involved in numerous bribery exchanges for about 10 years. Intermediaries were of essential assistance to the corrupt parties. In particular, they were used extensively to reduce the transaction costs associated with bribery. In this paper, the costs of three activities were selected for further analysis: (i) managing the risk of being detected by law enforcement authorities; (ii) overcoming communication constraints; and (iii) operating the money-laundering apparatus.

In spite of its distinctive features, the example of Petrobrás follows a common pattern of corruption involving state-controlled companies, construction firms, public procurement, and the oil and gas industry. Therefore, lessons from this case may be of interest to corporate compliance officers working for potential bribe payers who might engage intermediaries to commit wrongdoing.

Thus, recommendations have been presented that were inspired by the Petrobrás experience, organized according to the three phases of the relationship between companies and intermediaries: (i) identification of red flags and conducting due diligence, (ii) contract negotiation, and (iii) monitoring of contract performance.

When private companies and their compliance officers actively limit the action of intermediaries and monitor them, this is a promising means to reduce the risks of corruption schemes such as the one seen in the Petrobrás case.

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Annex I

Video recordings of court hearings within the Operation Car Wash available on the Internet

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Most of the hearing sessions were divided in videos of approximately 30 min each. Some of the entries above indicate only the first video of each series.

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