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Chilean Police Force Mired in Major Embezzlement Scandal

by Benjamin Witte-Lebhar

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An unfolding corruption scandal involving the Carabineros, Chile's uniformed police force, threatens to exacerbate what pundits say is a confidence-in-leadership crisis in the South American country, which will hold presidential and parliamentary elections later this year.

The "Pacogate" story, as some media outlets call it (paco is a slang term for police in Chile), broke in early March but continues to make waves as prosecutors push forward with their investigation. Congress has also launched an inquiry into the affair. To date, more than 40 people—mostly police but also a few civilians—have been indicted. And the list keeps growing, as does the amount of money thought to be involved.

This is hardly the first corruption scandal to make headlines in Chile. In recent years, the public has been bombarded with reports about convoluted campaign financing schemes, conflicts of interest, tax evasion, and corporate collusion. There have even been allegations against family members of the president, Michelle Bachelet, whose son and daughter-in-law are accused of using their privileged connections—and insider information—to execute a shady land deal ([NotiSur, April 24, 2015](#), and [May 29, 2015](#)).

And yet, even in that context Pacogate stands out, in part because of just how brazen the crimes appear to be. This is a case of embezzlement in its most cut-and-dry sense: The police officers and civilians implicated in the affair are accused of lifting funds from the Carabineros treasury and funneling the money into private accounts. They took millions of dollars in taxpayer money, in other words, and pocketed it.

The case is also jarring because the alleged criminals are police—professionals who have been trained and tasked with upholding the law—and because until now, the Carabineros, unlike so many other key institutions in Chile, were relatively well-respected by the public.

In early March, just before the scandal broke, the Carabineros had an approval rating of 77%, according to the polling firm Cadem-Plaza Pública. Support for the Bachelet administration, in contrast, stands at just 23%, an April survey by GfK Adimark found. Chile's two main political blocs—Bachelet's center-left Nueva Mayoría (New Majority) and the opposition Chile Vamos (Let's Go Chile)—also have serious popularity problems, with approval ratings of 13% and 24% respectively. Support for the two-chamber Congress is lower still, at 10%, the GfK Adimark poll suggests.

"Our culture has been changing. There is a predominance of money in social interactions," sociologist and Universidad de Santiago professor Cristián Parker said in a May 3 interview with the radio station ADN. "That corruption could happen in the most trusted institution means we're at the point where it's everywhere."

Standing by her man

The head of the Carabineros, General Director Bruno Villalobos, took it upon himself to make the Pacogate story public. In a March 6 press conference, he announced that nine members of the force,

including one general, had been removed from their posts following an internal investigation into the theft of nearly US\$1 million worth of treasury funds. Villalobos also revealed at that time that prosecutors in Magallanes, Chile's southernmost region, had begun a criminal investigation of the matter.

"This is a situation that pains us, that embarrasses us. But it's better to be upfront about everything that affects us as an institution and let the facts be known publicly," he said.

Many observers applauded the general director's handling of the matter. President Bachelet has made a point of supporting Villalobos as well, appearing twice with him in recent weeks, first at an inauguration ceremony for a new police station, and later at an April 27 event commemorating the 90th anniversary of the founding of the Carabineros. The original Cuerpo de Carabineros was an Army unit that merged, in 1927, with two local police forces. Carabineros de Chile is still technically a branch of Chile's armed forces but, as of 2011, answers to the Interior Ministry rather than the Ministry of Defense.

"The facts that we've learned and that are now being investigated by the judiciary dishonor the Carabineros' tradition of service and offend the vast majority of their officers throughout Chile," Bachelet said during the April 27 anniversary ceremony. "The faith that the public has placed in this institution, and the affection we have for it, were never just automatic. They were earned, cultivated daily. And they shouldn't be put in doubt because a group of people shirked their duties."

The president and general director of the Carabineros have a shared history that dates back years. During Bachelet's first term as president (2006-2010), Villalobos served for a time as head of her security detail. And it was Bachelet, in 2008, who promoted him to the rank of general. Bachelet also gave Villalobos his leadership position in the Carabineros in 2015.

New press revelations

But as the scandal continues to widen, with more arrests and new details emerging, pressure on the Carabineros and on Villalobos in particular is building. On May 9, prosecutors indicted an additional eight people in connection with the case, bringing to the total to 44. By the time it's all said and done, as many as 80 people could be charged, lead prosecutor Eugenio Campos told reporters last week. The presumed scale of the embezzlement continues to grow as well. Campos and his colleagues say they now have evidence that more than US\$25 million was stolen.

Complicating matters are a flurry of news stories and investigative pieces hinting at other financial irregularities involving the Carabineros. In an extensive interview published April 23 by the satirical news weekly *The Clinic*, a man named Carlos Capurro Bahamondes—a long-time clothing supplier to the Carabineros who is under investigation for allegedly using bribe money to secure contracts—said the police force's purchasing practices are rife with irregularities.

Less than two weeks earlier, the Centro de Investigación Periodística (Center for Journalism Investigation), better known as CIPER, published a story involving Villalobos himself. Reporters Gabriela Pizarro, Nicolás Sepúlveda, and Catalina Albert discovered that a home Villalobos built in Peñaflores, in the outskirts of Santiago, is on land that is still technically classified as "agricultural." The director general of the Carabineros never secured permission to build, in other words. Nor does he pay property taxes, the article said.

CIPER has also taken the Carabineros to task for not responding to the Pacogate scandal earlier. In an article published March 23—two weeks after Villalobos went public with the embezzlement affair—the same team of journalists reported that in late 2015, two banks had contacted authorities about suspicious transactions involving police personnel. Why it took the Carabineros another year to finally launch an internal investigation is an open question, especially given that CIPER itself, through a series of articles that predate Pacogate, had been reporting on alleged financial irregularities within the police force for years.

Jostling for position

Another unanswered question is what impact, if any, Pacogate could have on voter sentiment come Nov. 19, when Chile holds both presidential and primary elections. A presidential runoff, if necessary, will take place Dec. 17.

The last time Chileans were called on to cast their votes—for nationwide municipal elections in October 2016—abstention stood at 65%, a post-dictatorship record ([NotiSur, Dec. 2, 2016](#)). Analysts called it a symptom of growing public disillusionment with the country's leadership cadre, a crisis made all the worse by the corruption scandals that media outlets have exposed in recent years.

Low voter turnout in the November contests could, as appeared to be the case for last year's municipal elections, favor the political right. Chile Vamos, the conservative opposition coalition, is likely to line up behind former President Sebastián Piñera (2010-2014), the current frontrunner. The bloc plans to hold a primary early next month that Piñera is all but guaranteed to win. His challengers are Manuel José Ossandón, a senator, and Felipe Kast, a congressional deputy who held a Cabinet post early in Piñera's presidency ([NotiSur, April 7, 2017](#)).

The candidate scenario is more tenuous on left-side of the political spectrum, especially now that the centrist Partido Demócrata Cristiano (Christian Democratic Party, PDC), the Nueva Mayoría's most culturally conservative member party, nixed the possibility of a primary by announcing that its preferred candidate, lawmaker Carolina Goic, would participate in the Nov. 19 election directly. In response, the coalition's most popular candidate, Alejandro Guillier, a senator and former newscaster, opted to run as an independent. Another big name on the left, former President Ricardo Lagos (2000-2006), dropped out of the race in April after Bachelet's Partido Socialista (Socialist Party, PS), arguably the most influential member party in the Nueva Mayoría, decided to back Guillier.

The election could also feature Beatriz Sánchez, an outspoken radio journalist and activist who announced her candidacy just last month but is suddenly soaring in the polls. The latest numbers from GfK Adimark have her running third (11%) behind Piñera (24%) and Guillier (19%). The polling firm's previous survey, taken a month earlier, put support for Sánchez at just 2%. Sánchez is favored to win a primary contest in early June to represent the upstart Frente Amplio (Broad Front, FA), a coalition of far-left and independent factions bent on breaking up the Nueva Mayoría/Chile Vamos duopoly that has dominated Chilean politics since democracy was restored in 1990.

"The surprising surge of Beatriz Sánchez from the Frente Amplio shakes up the electoral scenario, which until just a month ago appeared to be quite stable," GfK Adimark noted on its website. "The appearance of a significant alternative [someone preferred by more than 10% of respondents] located politically to the left of the Nueva Mayoría seems to be part of a global phenomenon that has been seen in the political processes in Spain and, most recently, in France."

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