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Inquiry into Alleged Influence Peddling in Costa Rican Institutions Reaches Central American Financial Organization

by George Rodriguez

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It all started in October 2010, as a former Cabinet member in the administration of ex-President Óscar Arias (1986-1990, 2006-2010) picked up the telephone to call a present Cabinet member about a subpoena he had just received as a suspect in an embezzlement investigation (NotiCen, Feb. 17, 2011).

When details of the phone call were printed by a local, influential newspaper, outraged opposition members of parliament began pushing for inquiries, and, overcoming a tenacious weeks-long stand by pro-government colleagues against it, managed to have the unicameral Asamblea Legislativa (AL) set up a special committee to look into the affair.

The main character in this case is former minister of the presidency Rodrigo Arias, who held the post during the two administrations headed by his brother Óscar Arias, a Nobel Peace Prize laureate (1987).

Half way into the second Arias administration, in 2008, the Banco Interamericano de Integración Económica (BCIE) provided the Costa Rican government with a US$2 million donation, as part of a regional program to support ministries of the presidency in the area.

Former minister Arias, who managed the donation, which was used to hire presidential consultants, soon became the target of criticism and allegations about secrecy in handling what critics described as public funds.

Don Rodrigo, as the former influential official is locally known, rebutted the charges, saying the funds were not public since they came from an international organization. He added that his ministry did not actually handle any funds as it was the BCIE that actually decided what consultants to hire and that actually paid them.

This was the essence of his explanation to another congressional committee in 2008 and the conclusions drawn in 2009 by the Contraloría General de la República (CGR), when, after investigating the case, it absolved Don Rodrigo of any wrongdoing, as later did the Procuraduría General de la República (PGR).

Nevertheless, the Ministerio Público (MP) eventually opened an inquiry of its own and decided to subpoena Don Rodrigo in October 2010 to question him as a suspect of having committed embezzlement.

Upon receiving the subpoena on Oct. 8, Arias, who was to appear six days later before the MP, called then security minister and former chief prosecutor José María Tijerino to get in touch with the appointed chief prosecutor Jorge Chavarría, who had been security vice minister under Tijerino.
Since then, Arias has said he was only trying to find out the motive for the subpoena, which had not been clearly stated.

According to press reports, after a talk with Chavarría, then interim chief prosecutor Lilliam Gómez ordered that Arias’ appearance before the MP be suspended.

All this led to the creation of the Asamblea’s special committee, which was given three months from when it began on Feb. 8 to determine whether influence peddling occurred in favor of former minister Arias.

During its first meeting, the group decided it would successively call 17 witnesses, including Rodrigo and Óscar Arias, Contralora General Rocío Aguilar, Procuradora General Ana Lorena Brenes, and former BCIE director for Costa Rica Rodolfo Ortuño.

First two witnesses have yet to be called

Former President Arias recently told reporters, "I have nothing to contribute, absolutely nothing to contribute" to the inquiry.

"In my first administration, I had a very important group of consultants and aides," said Arias, adding that so did his four immediate successors. "After that, I arrived in 2006 and found there wasn’t even a dime," and BCIE offered funds "to hire these consultants, and I said ‘yes’, which is absolutely natural. So, I don’t understand all this fuss."

And, during a later lecture on democracy at an exclusive Costa Rican social club, Arias said, referring to the committee’s weekly meetings, "At this pace, it’ll turn into something like the soap opera 'Ugly Betty'."

Regarding the telephone calls involved in the case, the former president said that "next time I want to talk with Corte Suprema de Justicia president Luis Paulino Mora, instead of using my cell phone, I’ll have to do it through smoke signals."

Meanwhile, in separate appearances before the congressional committee, Aguilar and Brenes reaffirmed their positions, which coincide with that of the former minister. Brenes also admitted having talked with Rodrigo Arias before the PGR issued its report on the case but assured the committee its contents were not compromised.

On March 27, Ortuño, a member of the Arias inner circle, came before the committee and, among other things, described how it was the BCIE and not himself that decided who was to be hired as a presidential consultant with those funds and that it was the bank that actually made the payments.

But the committee’s opposition members questioned most of Ortuño's explanations and referred to notes they said had been exchanged by Rodrigo Arias and Ortuño in which the former suggested who to hire and requested that BCIE make the specific monthly payments. They also pointed out that payments were usually made in advance—at times covering two months—and in some cases contracts had not been drawn up.

Ortuño, who held the BCIE position during the second Arias administration, refused to answer close to a dozen questions from opposition deputies aimed at determining for the committee's record his close link with former minister Arias and former President Arias—in whose latest presidential campaign he was treasurer—and how the ruling social democrat Partido Liberación Nacional (PLN)
allegedly used BCIE posts to pay back election favors. After the session, Ortuño also refused to answer reporters’ questions.

"It’s understandable that Don Alfredo didn’t want to make any statements to the press. His inconsistencies and contradictions were obvious to the committee, and I think it’s a reaction from any human being when unmasked in a situation of this sort," committee secretary and center-left Partido Acción Ciudadana (PAC) congressman Manrique Oviedo told journalists.

But PLN congresswoman Siany Villalobos stood up for the former minister by stating that, in managing the BCIE fund, "no harm was done to the public treasury."

Several opposition committee members told NotiCen that a host of questions arose from what they coincided in describing as Ortuño’s contradictory statements, including doubts about how the BCIE functions, matters the legislative group was certain to begin investigating.

"It’s clear that the BCIE doesn’t hire anyone. What it does is accept orders coming from the Casa Presidencial," said Víctor Granados, bloc leader for the Partido Accesibilidad Sin Exclusión (PASE), which stands for the rights of the handicapped. The BCIE funds were actually "handed over as a blank check" to the Costa Rican government.

Oviedo pointed out that Ortuño "is closely linked to the Partido Liberación Nacional," and "he tries to construct a discourse aimed at protecting his party’s members, but, when we analyze it more deeply, the inconsistencies pop up."

The regional bank "could turn into a prize in exchange for campaign favors," added Oviedo, who believes "mechanisms should be sought to cleanse" party influence from it.

PAC bloc leader Juan Carlos Mendoza said, "I think it’s obvious that the BCIE has been used by the Liberación Nacional structure, because they’ve always placed their former [election] campaign treasurers as [Costa Rican] directors." He added, "The issue is much broader" than how the US$2 million were managed, "and I believe the BCIE’s role in Costa Rican politics must be looked into."

-- End --