2-19-2015

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Former President Ricardo Martinelli Faces Corruption Inquiry

by Louisa Reynolds
Category/Department: Panama
Published: 2015-02-19

On Jan. 28, Panama’s Corte Suprema de Justicia (CS) voted in favor of investigating claims that former President Ricardo Martinelli (2009-2014) inflated contracts worth US$45 million during his time in office. The investigation is based on allegations that the Martinelli administration paid inflated prices for dried food that was handed out to students as part of the Programa Nacional de Ayuda (PAN).

A statement from the court said all nine judges voted to appoint a special prosecutor to investigate Martinelli. The court’s decision was announced after Giacomo Tamburelli, the government official who ran the program and who is being investigated for corruption allegations, accused Martinelli of pressuring him to sign "anomalous" contracts in an affidavit in December.

Tamburelli is under house arrest and faces embezzlement and corruption charges. In a second affidavit in January, Tamburelli claimed he did not benefit from the contracts.

Martinelli, a wealthy supermarket tycoon, denies the allegations and claims they are part of a political vendetta launched by President Juan Carlos Varela, a former ally who turned against him. While serving as Martinelli’s vice president, Varela was dismissed from an additional role as foreign minister after he refused to support Martinelli’s plan for a referendum that would allow him to serve consecutive terms.

After Varela broke with the Martinelli administration in 2011, he accused the former president of taking kickbacks for a government radar system contract with Italian corporation Finmeccanica (NotiCen, Dec. 13, 2012).

Varela was a surprise victor in the 2014 elections and came to power promising to rid Panama’s political system of corruption (NotiCen, May 15, 2014). His approval rating, at over 60%, is the highest of any Latin American leader.

Soon after taking office, Varela appointed a prosecutor to investigate alleged corruption through government welfare programs and accusations of phone taps ordered during his predecessor’s administration.

Will Martinelli seek asylum?

Panama’s former president is now serving as a member of the Parlamento Centroamericano (PARLACEN) and, according to a number of legal experts, he will have to be stripped of his immunity before the probe can be launched.

Two days after the inquiry was announced, Martinelli travelled to Guatemala in a private jet to attend a PARLACEN session, leading to speculation that he might seek asylum. "I have done nothing", he said, in response to the allegations. He added that he would be willing to face trial as
long as he was guaranteed justice. "I will make that decision in the future, but I am not going to go for a trial arranged by Mr. Varela," he said.

In an interview with CB24 television station on Jan. 28, Martinelli dismissed the allegations as "completely irrational and illogical" and denied trying to seek asylum. "I live in Panama," he said. "I have no reason to hide."

Two days later, Martinelli posted on his Twitter account, "This media circus about my trip is being done out of fear of the accusations I will be making. They want it to seem like I left and won't return—they shouldn't even dream of that."

However, when he addressed PARLACEN, Martinelli made a massive U-turn by saying that he "feared for his life" if he were to return to Panama. "I fear for my life and my family. I'm the target of a political persecution," he said.

Martinelli added that he had no plans to return to Panama. "In Panama, there are no guarantees regarding due process," he said. "When legal conditions [are met], I will go back, when I can defend myself. But I'm not going back to be executed ... no."

Martinelli has already granted his wife and brother power of attorney to allow them to manage his properties in Panama and file complaints in his name.

After his trip to Guatemala, Martinelli continued to Miami and then to Bologna, Italy, reported Panamanian newspaper La Prensa. However, his lawyer Rogelio Cruz has insisted that the trip had been planned before the CSJ decision.

An administration tainted by corruption allegations

While Martinelli addressed PARLACEN, in Panama City, thousands of people took to the streets to demand an end to impunity and jail time for corrupt politicians. Demonstrators waved placards that read "Send Martinelli and all corrupt politicians to jail," "No to impunity," and "We want accountability."

"Bread, bread, bread. Who stole the bread? Martinelli and his clan." "Martinelli is a rat, give us the money back", demonstrators chanted. Among the demonstrators was the president's brother, Luis Varela. "I've taken to the streets to take part in this march because I think people want to see an end to impunity in Panama," he told La Prensa.

Martinelli has also been accused of owning a secret bank account in the Financial Pacific brokerage house that was used to obtain insider information on the Petaquilla Minerals mining corporation, a subsidiary of Petaquilla Gold Holding (NotiCen, Sept. 30, 2010). Former Financial Pacific employee Mayte Pellegrini, who was accused of embezzlement by the company's directors, made the allegations against Martinelli in a series of sworn affidavits.

In November 2012, Pellegrini said that Financial Pacific directors Iván Clare and West Valdés openly talked about a secret High Spirit account, belonging to Martinelli, that had been opened to "manipulate the stock market with Petaquilla shares."

Vernon Ramos, the assistant director of financial analysis of the audit department of the Superintendencia del Mercado de Valores (SMV), who was investigating Financial Pacific, went
missing in November. "Where is Vernon Ramos?" read some of the placards carried by the demonstrators who took to the streets of Panama City.

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