Guatemalan Vice President’s Top Aide Involved in Customs Bribery Scandal

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The director and former director of Guatemala’s internal revenue bureau, the Superintendencia de Administración Tributaria (SAT), were arrested on April 16 in a crackdown on a ring that accepted bribes in exchange for charging businesses and individuals less than the legal tariff on imports. Among those arrested was Juan Carlos Monzón, the alleged leader and private secretary to Vice President Roxana Baldetti.

Although prosecutors say they have no evidence of Baldetti’s involvement in criminal activities, that a top aide who was handpicked by President Otto Pérez Molina should be involved in the scandal has led to widespread calls for Baldetti’s resignation.

The investigation that led to the dismantling of the criminal network known as La Línea (the border) was carried out by the Attorney General’s Office with support from the Comisión Internacional contra la Impunidad en Guatemala (CICIG).

At least 20 people were arrested, including SAT director Omar Franco and the SAT’s former director Carlos Muñoz. However, Monzón, who was accompanying Baldetti on an official trip to South Korea when the scandal broke, is currently on the run and is believed to have escaped to Spain.

CICIG says that wiretaps played a crucial role in this investigation as it made it possible to determine how SAT officials had set up a parallel payment schedule for customs duties to benefit a number of businesses in exchange for bribes.

Iván Velásquez, head of CICIG, said the revelations were important because they are related to "contraband and fraud in general in a country with such a need for resources."

Although investigators have not revealed the total losses incurred by the state as a result of this fraud, it has been reported that one suspect received around US$330,000 in a two-week period during the investigation. The ring was allegedly operating for at least a year.

Juan Carlos Monzón’s tainted past

Throughout his period in office, President Pérez Molina has struggled with falling tax revenue attributed to smuggling, and in October 2013 he made the controversial decision of ordering five of the country’s 12 customs offices to be temporarily taken over by the military in a purported effort to curb corruption (NotiCen, Nov. 21, 2013). The measure was largely ineffective and its legality was highly disputed.

Therefore, revelations of the involvement of one of Vice President Baldetti’s top aides as the alleged ringleader of a criminal organization responsible for the huge shortfall in customs revenue have plunged the administration into a deep crisis.
For the past year, El Periódico, one of Guatemala’s most reputable newspapers, has published a series of exposés on the huge fortune that Monzón has amassed since he was appointed Vice President Baldetti’s private secretary in January 2012 and on his criminal past.

After a short-lived career as a second lieutenant, Monzón was expelled from the Army in 1998 after five years of service. During his time in the armed forces, he was sanctioned for disobedience, misconduct, and failure to fulfill his duties.

In 2001, when the police tried to arrest Monzón and three other men suspected of car theft, the four suspects opened fire on the police and one of them was killed in the shooting that ensued. The news of his arrest was covered by the national media.

"Since the 1990s, we suspected that Juan Carlos [Monzón] was involved in a car-theft ring operating in Guatemala City that sent vehicles to Mexico and El Salvador where they were used to transport drugs or were dismantled and sold as car parts," said a high-ranking Army official quoted by El Periódico in an exposé published in November 2013.

Despite the seriousness of the charges, when the suspects appeared before the judge they were released on bail and given house arrest. Seven months later, the charges were dropped and the case was closed despite the evidence against them.

Despite Monzón's tainted past, Vice President Baldetti named him her private secretary. In the past, both Baldetti and President Pérez Molina have defended Monzón, arguing that they had conducted their own investigation and had concluded that Monzón had never been involved in criminal activities.

Another exposé published by El Periódico details the fortune amassed by Monzón since he was appointed Baldetti’s private secretary and describes the many properties he has acquired in recent years as "a real estate shopping spree." Recently acquired properties include an US $850,000 mansion in an exclusive neighborhood in Guatemala City, a mansion in the beach resort of Monterrico worth US$1 million, and several large ranches. His properties are worth a total of US$2.2 million, which significantly surpasses the US$120,000 he has earned since January 2012 as the vice president’s private secretary.

President Pérez Molina and Vice President Baldetti never investigated the claims made by El Periódico and instead the government has launched a series of attacks against the newspaper, branding its director José Rubén Zamora "a liar" and launching unsubstantiated lawsuits against him.

**Scandal tarnishes image of Pérez Molina administration**

In the wake of the scandal, Alejandro Sinibaldi stepped down as the presidential candidate for the Partido Patriota (PP), citing his embarrassment because of the many corruption scandals that have tarnished the administration’s public image. His resignation has left the party in a state of disarray.

Upon her return from her trip to South Korea, Vice President Baldetti held a press conference on April 19 in which she refused to disclose the exact date and time of her arrival in Guatemala and insisted she would not resign because of the scandal. When pressed by reporters on why the allegations against Monzón had not been investigated, she became increasingly frustrated and hastily left the room halfway through the conference.
The scandal has had such a deep impact on public opinion that civil-society organizations are calling for a demonstration demanding Pérez Molina's and Baldetti’s immediate resignation on April 25th.

On the other hand, the dismantlement of this organized crime structure has scored points for CICIG, and civil-society groups have made fresh calls for its mandate to be renewed for another two-year period.

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