Panamanian Supreme Court Judge Resigns Amid Corruption Allegations

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Judge Victor Benavides resigned from the Corte Suprema de Justicia (CSJ) on June 19 after he was accused by Panamanian authorities of money laundering, illicit enrichment, and child abuse. Benavides is the second judge to be forced to step down as a result of a corruption scandal in the past 12 months. The former president of the CSJ, Alejandro Moncada Luna, was sentenced to five years in prison in March after pleading guilty to corruption charges.

On May 7, a special commission appointed by the Asamblea Nacional (AN) voted to strip Judge Benavides of his prosecutorial immunity so that he could be investigated for corruption.

The investigation into Benavides’ alleged involvement in corruption is based on allegations made by his former bodyguard, who is serving a 15-year sentence in the Veraguas prison facility for kidnapping Benavides’ mother. Benavides rejects the claims and says they are part of a vendetta launched by his former employee, Vicente Caballero Zamorano.

However, the prosecutor investigating his case, José Alberto Rosas, says the state has enough evidence to bring charges against him. Investigators have frozen bank accounts belonging to Benavides, with total deposits of US$800,000, including a US$424,000 fixed-term deposit account in the Banco Nacional in which Benavides constantly made large deposits in cash.

Rosas said that, in 2013 alone, Benavides deposited US$150,000, an amount that exceeds his salary as CSJ judge. The authorities are also investigating how Benavides managed to buy a number of properties, including a house worth more than US$260,000.

Caballero claims that Benavides, who was wrapping up the last year of his decade-long term in office, received bribes in cash and that he made the cash deposits into Benavides’ accounts. He also accuses Benavides of involvement in sexual abuse against children under the age of 14.

However, Benavides’ lawyer, Angel Gómez, insists that the funds come from his client’s salary as well as a pension he received as a former employee of the Attorney General’s Office.

The Moncada case

In October 2014, Alejandro Moncada Luna was suspended from his post as CSJ president and placed under house arrest after Congress launched an investigation into his alleged involvement in falsifying documents, illicit enrichment, money laundering, and corrupting officials. Moncada was appointed by former President Ricardo Martinelli (2009-2014), who also faces corruption charges (NotiCen, Feb. 19, 2015).

When Moncada took up his position in 2010, he declared a gold watch and a 2005 Toyota van as his only assets. He also claimed he had no other income apart from his judge’s salary.

Five years later, he pleaded guilty to charges of illicit enrichment and falsifying documents after he was unable to explain in court how he acquired two luxury apartments worth US$1.7 million in the
exclusive Coco del Mar neighborhood of Panama City when he only earned around US$500,000 a year as president of the CSJ, and he did not declare any other earnings that could have accounted for the cost of the apartments.

The investigation was launched after the Panamanian media reported that Moncada had purchased the two luxury properties, which have been confiscated by the state.

Moncada’s lawyer said his client was suffering from ill health and had decided to plead guilty to two of the four charges against him—illicit enrichment and falsifying documents.

This is the first time a CSJ judge has been sentenced to jail. "That Moncada, a sitting Supreme Court judge, has been found guilty of graft and falsifying documents is a mark of how corruption has penetrated Panamanian institutions. Nonetheless, that the Panamanian judicial system was able to prosecute and convict such a high-profile figure (and doing so using a recently implemented accusatory trial system) offers hope that the campaign against corruption has some teeth," writes Insight Crime analyst Michael Lohmuller.

**Varela’s anti-corruption crusade**

The investigation into the Moncada case was part of a crusade against corruption launched by President Juan Carlos Varela *(NotiCen, May 15, 2014)*, who served as vice president under the Martinelli administration before a bitter feud and power struggle soured the relationship between the two politicians.

The CSJ is investigating Martinelli for allegedly ordering illegal wiretaps against politicians and business people, as well as for embezzlement, abuse of authority, security breaches, and illicit association.

The Attorney General’s Office estimates that more than 150 people were spied on illegally, including high-ranking members of the opposition Partido Revolucionario Democrático (PRD) and President Varela’s brother José Luis.

Martinelli, who left Panama in January and is believed to be living in Miami, is also accused of paying inflated prices for food products totaling US$45 million purchased for the Programa de Asistencia Nacional (PAN) government welfare program.

Former vice president Felipe Virzi also faces money laundering and corruption charges after he allegedly received US$10 million from a company hired by the Martinelli administration to build a huge irrigation system in the Tonosi region. It was never built and the company’s executives are under arrest.

Although Virzi was no longer vice president when he allegedly received the payment, investigators claim he maintained a close relationship with Martinelli.

Martinelli denies the allegations against him and a number of high-level officials in his administration and claims Varela has launched a "political persecution" against him.

"For 40 years we have conducted all kinds of legal business with 'Pipo' Virzi, buying, selling, renting, and borrowing. Why is this getting so much negative attention?" said Martinelli following Virzi’s arrest on June 3.
President Varela has been unable to escape being tainted by corruption allegations after Diario Las Américas published documents proving his campaign had accepted money from a global betting ring accused of money laundering. Panama is a well-known money-laundering hub in Latin America.

Varela, who won the 2014 elections on an anti-corruption ticket, denies the claims and says they were an attempt to discredit him during the campaign by rival candidate José Domingo Arias, Martinelli’s handpicked successor.

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