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President’s Brother and Son Involved in New Corruption Scandal in Guatemala

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President Jimmy Morales of Guatemala, who came to power with the slogan “Neither Corrupt nor a Thief” in late 2015 (NotiCen, Nov. 5, 2015), has not even concluded his first year in office and his administration has suffered the impact of multiple corruption scandals, the most recent involving his brother and his son.

The latest case came to light on Sept. 1, when the Attorney General’s Office (Oficina del Fiscal General) and the International Commission Against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala, CICIG), a UN-funded group created in 2006 to dismantle organized crime groups and strengthen the justice system, broke up an organization within the Property Registry (Registro General de la Propiedad) that had paid for services that were never provided and authorized employment contracts for staff that never showed up to work. The injury to the state amounted to US$397,000. Investigators found, among other irregularities, that a company named Fulanos y Menganos S.A. was paid US$11,964 to provide meals for 524 people during an event supposedly held to assess staff performance, but the service was never provided.

The Comptroller General’s Office (Contraloría General) reported the irregularity of the purchase. When investigators from the Attorney General’s Office launched an investigation, they found that, in 2013, the Property Registry had also paid US$12,000 for Christmas baskets from a provider that didn’t have invoices authorized by the Taxation Superintendency (Superintendencia de Administración Tributaria, SAT). The owners of the company were the parents of a former girlfriend of President Morales’ youngest son, José Manuel Morales Marroquín.

Sources from the Property Registry told investigators that Morales Marroquín, in an attempt to help the parents of his former girlfriend, had asked his uncle, Samuel “Sammy” Everardo Morales, President Morales’ brother, to find him an invoice to justify the purchase. Sammy Morales, investigators say, acted as an intermediary to obtain an invoice from Fulanos y Menganos, which owns a restaurant of the same name that has been used, for years, as the headquarters of the Frente de Convergencia Nacional (National Convergence Front, FCN-Nación), the party that brought President Morales to power. The fact that the owner of Fulanos y Menganos, Gilmar Othmar Sánchez, is a deputy to the Central American Parliament for the FCN-Nación party, also places the Morales administration in a difficult predicament.

On Sept. 15, a court decreed that Morales Marroquín and his uncle could not leave the country while their participation in the case was investigated. CICIG is investigating their participation in the simulation of a state purchase and the use of false documents to fake a public tender, offenses for which they could be prosecuted.

‘Caso Botín’

The investigation into the broader case, known as “Caso Botín Registro de la Propiedad,” revealed that between January 2012 and May 2015, the Property Registry hired 16 people who earned a
total of US$2.1 million but never showed up to work. A total of 18 people have been arrested in connection with the case, including the former director of the Property Registry, Anabella de León, who will face trial for corruption charges, as well as the legal representative of Fulanos y Menganos, Joam María Ponce.

“It is important to highlight that the case hasn’t destabilized the Morales administration because President Morales himself hasn’t been accused of wrongdoing. But if investigators were to prove that President Morales was also involved, his administration would face a serious crisis,” warns political analyst Christian Castillo.

After avoiding the media for two weeks, on Sept. 18, during an official event held in the Presidential Palace, President Morales said he wouldn’t hinder the investigation in any way, and that his brother and son had testified as required by Guatemalan law. “I’m not defending my son and my brother because I believe in the justice system, in our institutions, and in the due process of law,” said a haggard-looking Morales.

Fall from grace

The amounts that Fulanos y Menganos allegedly received for services that were never provided pale in comparison with the more than US$3.7 million that Morales’ predecessor, Otto Pérez Molina (2012-2015), and other officials from the Pérez Molina administration allegedly embezzled as a result of a customs fraud scandal known as La Linea, which forced Pérez Molina to step down in 2015 amid a series of nationwide protests that demanded his immediate resignation (NotiCen, Sept. 3, 2015, and July 14, 2016).

Nevertheless, if proven to be true, the allegations against President Morales’ son and brother would show that his family benefitted from the rampant corruption that flourished during his predecessor’s administration, which would inevitably tarnish the image of someone who portrayed himself as the anti-corruption candidate in the electoral race.

Following the implosion of Pérez Molina’s party, the Partido Patriota (Patriotic Party, PP), and the involvement of members of the main opposition party, Libertad Democrática Renovada (Renewed Democratic Liberty, LIDER), in a money laundering scandal, Morales, a comedian with little political experience who had barely registered in opinion surveys, suddenly began to rise in the polls (NotiCen, Sept. 24, 2015, and Nov. 5, 2015).

With his slogan “Neither Corrupt nor a Thief” and a political discourse with evangelical overtones, Morales won over the urban middle class voters who had led the protest movement demanding Pérez Molina’s resignation (NotiCen, Sept. 3, 2015).

However, Morales fell from grace even before he took office, when the investigative news website Nómada revealed that he and his family had spent 100 days at the luxurious Adriatika Hotel, which belongs to one of Guatemala’s richest families. Morales refused to reveal who had paid the bill (US $66,000, the equivalent of four months of his presidential salary) and insisted that he and his family had stayed there for security reasons as part of “a private arrangement” (NotiCen, March 17, 2016, and June 30, 2016).

Then, in January, Communications Minister Sherry Ordóñez was forced to step down two weeks after her appointment when it was revealed that she was a state contractor and that her engineering firm owed US$38,285 to the SAT.
A month later, the newspaper El Periódico revealed that Vice President Jafeth Cabrera was renting a luxurious house in one of Guatemala City’s most exclusive neighborhoods for US$12,000 a month, the equivalent of 70% of his monthly salary. This fueled suspicion that he was engaging in illicit enrichment.

But perhaps the most damaging allegation of all is that the FCN-Nación party received funds from drug trafficker Marlon Monroy Meño, known as Teniente Fantasma, who was arrested in April (NotiCen, Aug. 11, 2016). The US government is seeking his extradition to the US to face drug trafficking charges. While in prison in Guatemala, Monroy Meño has spoken about his alleged ties to the Morales administration.

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