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Louisa Reynolds

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Bolivian Opposition Leader Investigated for Involvement in Panama Papers Scandal

by Louisa Reynolds

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A commission created by the Bolivian Congress to investigate the alleged involvement of opposition leader Samuel Doria Medina ([NotiSur, Aug. 6, 1992](#), [Jan. 14, 1993](#), [Dec. 7, 2012](#)) in the Panama Papers scandal was scheduled to publish its findings by the end of January, but has yet to do so.

The Bolivian government accuses Doria Medina of creating Akapana S.A., a shell corporation based in Panama, in order to sell his controlling stake in the Bolivian cement manufacturer Sociedad Boliviana de Cemento (SOBOCE) to the Peruvian owned company Holding Cementero del Perú S.A. for US\$300 million without paying taxes. The transaction allegedly took place in 2014.

When questioned by the press on Dec. 5, Congressman Víctor Gutiérrez, one of the members of the commission, replied: “We can’t give any information at this stage, as we’re still in an investigative phase, and as long as we’re not sure of the facts we can’t say anything.”

Akapana S.A. was among the 214,488 offshore entities that appeared in the so-called Panama Papers—the 11.5 million documents from the Panamanian law firm and service provider Mossack Fonseca that were leaked to the International Consortium of Investigative Journalists (ICIJ) early in 2016 ([SourceMex, April 13, 2016](#), [NotiSur, May 6, 2016](#), [NotiCen, July 21, 2016](#)).

Although offshore business entities are legal, the ICIJ investigation found that some of the Mossack Fonseca shell corporations were used for illegal purposes such as fraud, tax evasion, and evading international sanctions.

The Panama Papers listed at least 95 Bolivian companies that used Mossack Fonseca’s services to set up Panamanian shell corporations, prompting Bolivia’s Minister for Transparency Lenny Valdivia to request that the ICIJ hand over all the relevant information so that tax evaders could be prosecuted. ICIJ vice president Mireya Walker replied that such information could not be provided because its veracity had yet to be proven.

The congressional commission investigating the Bolivian companies involved in the Panama Papers scandal was set up in May 2016 after Vice President Álvaro García Linera promised that his government would “get to the bottom” of the matter and establish how and why these companies had used Mossack Fonseca’s services.

“We need to study bank accounts and the sale and purchase of companies. It won’t be an easy task, but rest assured that the Legislative Assembly will get to the bottom of this and will establish the identity of those who evaded Bolivian taxes,” García Linera said during a press conference on May 9, 2016.

García Linera said that individuals close to former President Jorge Quiroga Ramírez (2001-2002), including Doria Medina, a businessman and the leader of the opposition Unidad Nacional (UN) party, and the directors of the daily newspaper Página Siete, were involved, and that the commission would investigate the full details.

"If the offshore companies were used in a clean and transparent manner, they'll have nothing to worry about, but if they were used to avoid taxes or to allow the director of the company to receive earnings free of tax, that deserves punishment," he warned.

Doria Medina dismisses allegations

Last April, Doria Medina denied the allegations. "That transaction was made 16 months ago, and after 16 months, she [Minister Valdivia] comes up with objections," he told Bolivian newspaper El Diario. "The sale was perfectly legal both in Bolivia and abroad. The government has scrutinized it on a number of occasions and has not found anything wrong. It was the most heavily scrutinized transaction in Bolivian history."

An exchange of angry and belligerent tweets between Doria Medina and Minister Lenny Valdivia ensued.

"Minister Valdivia, thieves think everyone is alike. Why don't you get your facts straight before making accusations," Doria Medina tweeted on April 6.

"You're the thief! You sold your shares on the stock exchange for US\$300 million and you siphoned off the money to a foreign country to avoid paying taxes. You're a thief!" Valdivia replied. "I won't allow anyone to disrespect me. I don't lie, and I stand by what I said."

Doria Medina also faces prosecution for allegedly signing contracts harmful to state interests when he served as minister for economic planning 25 years ago. He has branded the attempts by President Evo Morales' administration to bring him to justice for alleged financial crimes as "a witch hunt" against political opponents.

An Arizona State University and London School of Economics graduate, Doria Medina is a prosperous businessman who also owns the Bolivian franchise of the fast food chains Burger King and Subway. He became the CEO of SOBOCE in 1987, when the company was experiencing financial difficulties, and successfully led a drive toward greater modernization and productivity that took the company from the brink of bankruptcy to significant prosperity.

Politically active since his university days, Doria Medina has become Morales' main political opponent. Initially a young militant with the Movimiento de Izquierda Revolucionaria (Revolutionary Leftist Movement, MIR), he served as minister for economic planning in the early 1990s. His politics gradually shifted to the right after he was kidnapped for 45 days by the Peruvian guerrilla group Movimiento Revolucionario Túpac Amaru (Túpac Amaru Revolutionary Movement) in 1995.

Since he founded the UN in 2003, Doria Medina has unsuccessfully run for president on three occasions. In 2005, he came third with 7.8% of the votes ([NotiSur, Jan. 6, 2006](#)), and he came third again with 5.65% of the votes in 2009 ([NotiSur, Sept. 4, 2009](#)). In 2014, after selling his stake in SOBOCE, Doria Medina announced an electoral alliance with the right-wing governor of Santa Cruz, Rubén Costas, leader of the Movimiento Demócrata Social (Social Democratic Movement, MDS). He ran for office as the leader of the Concertación Unidad Demócrata coalition and came second with 24% of the votes, while president Evo Morales was reelected with an overwhelming majority of 61%.

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