

2-23-2017

Guatemalan President's Brother and Son Arrested on Suspicion of Fraud

Louisa Reynolds

Follow this and additional works at: <https://digitalrepository.unm.edu/noticen>

Recommended Citation

Reynolds, Louisa. "Guatemalan President's Brother and Son Arrested on Suspicion of Fraud." (2017).
<https://digitalrepository.unm.edu/noticen/10411>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Guatemalan President's Brother and Son Arrested on Suspicion of Fraud

by Louisa Reynolds

Category/Department: Guatemala

Published: 2017-02-23

The brother and one of four sons of Guatemalan president Jimmy Morales, who won the 2015 elections after riding a wave of public indignation over a massive corruption scandal that forced his predecessor to step down ([NotiCen, March 17, 2016](#), [June 30, 2016](#), [Sept. 15, 2016](#)), have been arrested for their alleged involvement in a fraud case.

President Morales' brother, Samuel Morales, known as "Sammy," is accused of involvement in a fraud operation that embezzled around US\$400,000 from the Guatemalan Property Registry, a case known as "Botín Registro de la Propiedad" (Property Registry Booty). At least 20 other suspects are linked to the case, including the former director of the Property Registry, Anabella de León ([NotiCen, Oct. 13, 2016](#)).

The Morales family's involvement in the case came to light in September, when the International Commission Against Impunity in Guatemala (CICIG), a UN-funded commission created in 2006 to investigate corruption and organized crime, dismantled a huge corruption network within the Property Registry that had siphoned off thousands of dollars' worth of taxpayers' money by signing contracts for services that were never provided and hiring staff who never showed up to work.

Among the contracts investigated was the purchase of 564 meals from a restaurant called Fulanos y Menganos S.A. for US\$19,000, to be served at a Property Registry event that never took place.

When prosecutors began to trace the payment, they found that, in 2013, the Property Registry had purchased Christmas hampers for US\$12,000 from a supplier that was not registered with the Guatemalan tax authorities and was therefore not eligible to bid for state contracts. The supplier belonged to the parents of the girlfriend of one of President Morales' son, José Manuel Morales Marroquín.

In an effort to help his nephew, Samuel Morales obtained a fake invoice from Fulanos y Menganos S.A.—whose owner is a member of President Morales' Frente de Convergencia Nacional (FCN-Nación) party—to justify the purchase of the hampers.

Morales Marroquín is also accused of fabricating quotes from two major hotels in Guatemala City to simulate a public tender that never took place and that was allegedly won by the company owned by his girlfriend's family.

Last September, a judge barred Samuel Morales and Morales Marroquín from leaving the country while the probe continued, and on Jan. 18 Samuel Morales was arrested and Morales Marroquín turned himself in. The two men are detained pending a trial for fraud and have pleaded not guilty. Initially, prosecutors also accused Samuel Morales of money laundering, a charge that was later dropped.

During a preliminary hearing, Morales Marroquín attempted to justify his behavior by arguing that obtaining a fake invoice to justify a purchase is a "normal" practice in Guatemala. "Realistically,

we've all witnessed similar situations in Guatemala, and that's why I assumed it was normal in Guatemalan culture ... 60% of the population works in the informal economy and asks the other 40% for invoices," he told Judge Silvia de León.

A blow to President Morales' credibility

Attorney General Thelma Aldana has said that so far it has been determined that neither Samuel Morales nor Morales Marroquín made any money from the scheme, which she referred to as an "illicit favor." She also said that President Morales had "not interfered once" during the investigation into his relatives' alleged involvement in fraudulent activities.

Nevertheless, the case is a major blow to President Morales' credibility as an outsider who came to power promising to clean up Guatemalan politics. According to a CID/Gallup poll, his popularity rating has dropped from 71 percent in January 2016 to 56 percent in January 2017.

Addressing those who have minimized the significance of the scandal arguing that the Morales family hadn't profited from the scheme, Guatemalan journalist Claudia Méndez Arriaza wrote in a column published by *Nómada*, an investigative news website: "These cases and their [eventual] verdicts will set the limits for what we're prepared to tolerate as a society. If these kinds of practices occurred in the past, and corrupt behavior was normalized, the fact that individuals are being tried for these practices means that today, we have put an end to this."

The Morales administration's popularity has also been damaged by the fact that one of his top advisors, FCN Congressman Edgar Ovalle Maldonado, a retired military official, could be stripped of his prosecutorial immunity and tried for his alleged participation in a series of massacres committed in a military base located in the department of Alta Verapaz. These atrocities were allegedly committed when Ovalle headed a specialized unit in the region during the early 1980s. The case didn't come to light until 2012, when prosecutors began to investigate rumors of the existence of a mass grave in the site where Military Zone 21 had been located and the remains of over 550 Mayan civilians were found.

In January 2016, the Supreme Court controversially refused to grant prosecutors' request to strip Ovalle of his immunity. However, in August, the Constitutional Court, Guatemala's highest court, ruled in favor of the Attorney General's Office, thus clearing the legal obstacles for Ovalle to face trial. Nine other military officers will be tried with him.

President Morales has also been accused of making dubious Cabinet appointments, such as his appointment to the Communications Ministry, Sherry Ordoñez Castro, a government contractor whose construction company was awarded state contracts totaling US\$2 million from 2006 to 2014. In the face of intense criticism, Ordoñez Castro stepped down ([NotiCen, March 17, 2016](#)).

Morales also reneged on his campaign promise that the FCN would not accept defectors from other parties, claiming he had no power to prevent his party from accepting defectors with dubious track records, including a deputy under investigation for his alleged involvement in the murder of two local reporters in 2015, a deputy who granted lucrative construction contracts to a notorious drug trafficking family, and a deputy mentioned in a diplomatic cable published by WikiLeaks as having ties to local drug traffickers.

In what many observers regard as an attempt to deflect attention away from his son's and brother's involvement in the Property Registry scandal, President Morales spoke about "well-founded rumors

of a coup d'état" during a Feb. 16 event at the presidential palace. He did not say where the rumors had come from or who was behind the alleged plot. He also stressed that he was "democratically elected" and that he would refuse to step down by non-democratic means. Journalists were not allowed to ask any questions during the event.

-- End --