

9-14-2017

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### Recommended Citation

Reynolds, Louisa. "Former Panama Vice President, Already in Detention, Is Accused of New Crimes." (2017).  
<https://digitalrepository.unm.edu/noticen/10464>

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## Former Panama Vice President, Already in Detention, Is Accused of New Crimes

by Louisa Reynolds

Category/Department: Panama

Published: 2017-09-14

Felipe Virzi, the former vice president of Guatemala who had been under house arrest on charges of money laundering and embezzlement, is now under investigation for forgery and fraud in a real estate deal allegedly committed while under surveillance.

Virzi, 71, had been granted house arrest on compassionate grounds due to his age, but was moved into preventive detention on Aug. 16, following the new accusations. His daughter, Elvira Virzi, faces similar charges in the case.

Virzi served as vice president during the Ernesto Pérez Balladares administration (1994-1999) ([NotiCen, March 6, 1997](#), [April 16, 1998](#), [Aug. 26, 1999](#)) and is a close friend of disgraced former president Ricardo Martinelli (2009-2014), himself accused of corruption and spying on political opponents ([NotiCen, Dec. 3, 2009](#), [June 14, 2012](#), [Feb. 19, 2015](#)). Since leaving office, Virzi has amassed a considerable fortune investing in livestock, real estate, and banking.

On June 8, the Attorney General's Office ordered an investigation into Natividad Quirós Aguilar and Elvira Virzi and their alleged involvement in a forgery linked to a property deal involving Felipe Virzi.

According to the prosecution, inconsistencies were found in the procedure to register a farm in Santiago, in the Veraguas province. The deeds to the property, prosecutors say, were registered as belonging to Agroganadera F.A. Virzi S.A., despite the fact that a woman named María Torres Enelda had already applied to register the land in the Agrarian First Court of Veraguas in August 2015.

The transfer of the deeds allegedly occurred while the former vice president was under house arrest. Quirós, a notary, declared that during that time, he went to Virzi's house to attest to the processing of some documents, including the deeds by which the farm was transferred. However, the records do not mention the presence of witnesses.

### *Previous detention*

In June 2015, Felipe Virzi was arrested and subsequently placed under house arrest while he was investigated for allegedly receiving a US\$10 million kickback from an Ecuadoran company that was awarded a lucrative contract to build an irrigation system in the Tonosi region under the Ricardo Martinelli administration. The irrigation system was never built.

The company's executives were also arrested during the probe, before they could leave the country.

According to prosecutors, Felipe Virzi received the money soon after the contract was awarded and deposited the cash in various bank accounts allegedly linked to Martinelli.

Following his arrest, Martinelli staunchly defended his friend.

“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?” Martinelli asked, referring to Virzi by his nickname, “Pipo.”

### *Leaders engulfed in scandals*

Panama has come a long way since the political turmoil of the 1980s and '90s, when then-senator John Kerry described the country as a “narco-kleptocracy.” Former dictator Manuel Noriega (1983-1989) ([NotiCen, July 26, 2007](#), [Jan. 26, 2012](#), [Oct. 8, 2015](#)) died in May, and since the US handed the Panama Canal back to the Panamanian authorities in 1999 ([NotiCen, Feb. 4, 1999](#), [Dec. 16, 1999](#), [Jan. 20, 2000](#)), the US\$2.5 billion a year that it receives has turned Panama into the fastest growing economy in Latin America.

However, a recent string of corruption scandals is a stark reminder that Panama has a long way to go before it can shake off its old reputation.

In 1999, former president Pérez Balladares, Virzi’s running-mate, had his tourist visa revoked by US authorities following allegations that he had participated in the sale of US visas to Chinese immigrants. He was again investigated for money laundering in Sept. 2009, although the allegations were never proven.

More recently, on June 13, former president Martinelli was arrested in Florida after Panama requested his extradition. The Panamanian Supreme Court had ordered Martinelli’s arrest in 2015 over accusations that his administration used taxpayer’s money to spy on over 150 labor union activists, politicians, lawyers, doctors, and business representatives, including lawmaker José Luis Varela, the brother of current president Juan Carlos Varela.

Martinelli is also accused of inflating multi-million dollar contracts during his time in office. He has denied the allegations and claims they are part of a political vendetta launched by Varela.

Two of Martinelli’s sons are also under investigation for the role they allegedly played in a scheme to launder bribes from Brazilian construction giant Odebrecht.

### *Region-wide problem*

Virzi is the latest high-profile politician in Central America to face corruption allegations in a wave of anti-graft investigations that has landed a number of Central America’s former presidents and vice presidents in jail.

In October 2016, El Salvador’s former president Antonio Saca (2004-2009) was arrested on corruption charges, together with several high-ranking former officials of his government, as part of an investigation into the alleged misuse of public funds ([NotiCen, March 2, 2017](#)). Saca, a former businessman, has been unable to explain how he had acquired US\$5 million by the end of his term in office.

Eight months earlier, his successor, Mauricio Funes (2009-2014), a former TV journalist, was also ordered to stand trial after he was unable to account for US\$700,000 following his 2009-2014 term ([NotiCen, Sept. 22, 2016](#)). In January 2016, another Salvadoran ex-president, Francisco Flores (1999-2004), died from a stroke while he awaited trial on embezzlement charges ([NotiCen, Feb. 4, 2016](#)).

In Guatemala, in 2015, a major customs fraud investigation led by the UN-funded Comisión Internacional contra la Impunidad en Guatemala (International Commission Against Impunity in Guatemala, CICIG), resulted in the impeachment of former president Otto Pérez Molina (2012-2015) ([NotiCen, July 2, 2015](#), and [Sept. 3, 2015](#)) and his vice president, Roxana Baldetti, both of whom are in pre-trial detention. Baldetti also faces an extradition request from the US Department of Justice to face drug trafficking charges.

In neighboring Honduras, President Juan Orlando Hernández has managed to hold onto power despite facing pressure from civil society to step down after it was revealed that his 2013 presidential campaign benefitted from US\$300 million stolen from the country's social security institute ([NotiCen, July 2, 2015](#), [Aug, 27, 2015](#), [Oct. 29, 2015](#)).

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