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## Former President Macchi Sentenced for Corruption

by LADB Staff

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Paraguayan ex-President Luis Gonzalez Macchi (1999-2003) has been sentenced to six years in prison for illegally diverting US\$16 million to a private account from two banks in the process of being liquidated. The sentence was suspended, however, until his defense team concludes its appeals.

Prosecutor Victoria Acuna had sought a 10-year sentence for Gonzalez Macchi, saying the guilt of the former executive was "evident" in the case of moving US\$16 million from the bankrupt Union and Oriental banks to a Citibank account in 2000. According to judicial investigations, the money from the banking groups was remitted to a private account in the US in the name of the Fundacion Humanitaria Paraguaya, supposedly to gain "high yields."

Gonzalez Macchi told reporters in the Palacio de Justicia that he was innocent, and he denied that the state's holdings would be damaged since a US court decision had determined that the funds would be returned to Paraguay. "I know nothing of the activities that unfolded when the money was sent," he said. "I never knew of the operations done by Dr. [Julio] Gonzalez Ugarte," the director of the Banco Central de Paraguay (BCP) in 2000 who is serving a jail sentence of nine years and six months in the case. The then superintendent of banks, Jose Luis Pecci, was also sentenced to seven years and six months. Lower-ranking officials and bank liquidators were also convicted and sentenced.

The former president also said it should be determined how much interest Paraguay earned in the multimillion-dollar account. Recovery of the US\$16 million is still uncertain, since there have been appeals from some of the accused that still need to be resolved in the courts. One of Gonzalez Macchi's lawyers, his brother Jose Ignacio Gonzalez Macchi, filed an appeal regarding procedural issues in the trial.

Defense attorney Enrique Bachetta said, "This ruling is an embarrassment. If one is on trial for three weeks and [the court] finds nothing against a person that gets a six-year sentence, it is a shame."

### *"Historic" sentence*

According to the testimony, Gonzalez Macchi and his family members including his father and brothers were aware of the illegal remittance to the Citibank account in New York. After coming to power following the assassination of Vice President Luis Maria Argana (see NotiSur, 1999-03-26 and 1999-04-09), Gonzalez Macchi ran one of the most corrupt governments of recent years. Paraguay regularly comes in at the bottom of the annual Corruption Perceptions Index (CPI) of the nongovernmental organization Transparency International (see NotiSur, 2003-10-17). If his appeals fail, Gonzalez Macchi, 58, would go to the Tacumbu penitentiary in Asuncion, which would be an

unprecedented event. Palacio de Justicia sources said that this would be the first time a head of state would be jailed for corruption since the country returned to democratic rule 17 years ago.

Other charges are pending against the former president, including alleged diversion of funds from a program designed to help poor campesinos in the center of the country and charges of illegal enrichment made after the discovery of a Swiss bank account with more than US\$300,000. In 2004, an open trial against him for alleged irregularities in the privatization of the state-run telephone system was partially dismissed. He was also accused of owning a luxury automobile stolen in Brazil and was forced to return it after it was proved to be the property of a corporate executive in Sao Paulo.

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