

10-30-2009

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Recommended Citation

LADB Staff. "Peru A Year After Petrogate." (2009). <https://digitalrepository.unm.edu/notisur/13823>

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Peru A Year After Petrogate

by LADB Staff

Category/Department: Peru

Published: 2009-10-30

A little more than a year has passed since the news broke regarding the most important known case of corruption involving the administration of President Alan Garcia, and the sluggishness of the judicial investigations merely confirms that corruption is entrenched at the highest levels of power.

On Oct. 5, 2008, the "petrotapes" were made public wiretapped audiotapes revealing influence peddling in which former board member of state licensing agency Perupetro Alberto Quimper is heard talking with former Alianza Popular Revolucionaria Americana (APRA) deputy Romulo Leon Alegria and agreeing to illegally award concessions for five blocks to the Norwegian company Discover Petroleum International (DPI) for oil exploration (see NotiSur, 2008-10-31).

The scandal led to the resignation of the entire Cabinet, headed by Jorge del Castillo a regular visitor to the apartment of Dominican citizen Fortunato Canaan, a DPI lobbyist and the opening of two judicial processes, one involving the petrotapes and the other regarding the wiretapping.

In the first case, 16 people have been indicted on charges relating to the oil contracts, including the detained Quimper and Leon Alegria, a minister during the first Garcia administration (1985-1990).

In the second, eight employees of the private security company Business Track (BTR) have been charged, including retired naval officers Elias Ponce Feijoo, head of the company, and Carlos Tomasio.

"Until now the only people charged and detained are the first ones to be discovered and directly implicated, although it is evident that they are only the tip of the iceberg in a much wider system of corruption," wrote journalist Fernando Rospigliosi, columnist for the daily La Republica, who broke the petrotapes story. "A year later, the judicial investigations are moving with lead feet and with many doubts regarding the magistrates' impartiality and diligence."

Standoff between legislative and judicial branches

By mid-October, nearly 90 people had testified before anti-corruption Judge Jorge Barreto in the petrotapes case. They include Del Castillo, deputy Luciana Leon daughter of Leon Alegria, former health minister Hernan Garrido Lecca, and former energy and mines minister Juan Valdivia, as well as Perupetro and state-owned oil company Petroperu officials. Just nine months after the scandal broke, Leon Alegria's personal computer was displayed, which his secretary, Paola Copara Osorio, had turned over to the prosecutor, who then turned it over to Judge Barreto. The first inventory of the computer's contents, carried out in August, listed 2,000 of the former Aprista minister's emails regarding contacts and business dealings from 2007 to 2008 that were of interest for the investigations.

Later, two computer experts recovered more than 75,000 files, which someone had tried to delete, dating from 2003 to 2008. An analysis of the emails is pending, and public prosecutor Juana Meza has asked that the analysis focus on the 2007-2008 period. Meza and district attorney Jorge Luis Caldas have asked Judge Barreto to allow them to participate in the examination of the computer to see if it contains information regarding other illegal activities, but the request was denied. If the authorities are only allowed to observe how such proceedings are carried out, and "if there are other criminal actions, this Ministerio Publico will be prevented from fulfilling its duties," said Meza.

The congressional committee, headed by Osvaldo Luizar, investigating BTR's telephone-and-digital-spying network has also failed to convince Judge Maria Elena Martinez to turn over a copy of the tapes in her possession. The judicial process regarding BTR's alleged illegal wire-tapping, begun in January 2009, is in its instructive phase, during which the first statements by accused and witnesses are gathered.

For many, this process is moving very slowly. "The procedure of examining and listening to all the property seized [from BTR and Leon Alegria] is still underway and has temporarily been declared under strict confidentiality," reads the document Martinez sent to Luizar's committee. "This does not mean that this judicature has refused to turn over a copy of said material but rather that the matter will be dealt with in a timely manner, when the confidentiality is lifted."

While the legislative committee has announced that it will present a conflict-of-jurisdiction petition to the Tribunal Constitucional (TC) against the judiciary, Judge Martinez insists that the law allows her to keep the evidence confidential, even from a congressional investigation.

Former legislator Heriberto Benitez warned on Oct. 8 that the supposed confrontation between the legislative and judicial branches regarding access to the BTR tapes could be part of a distraction as long as the tapes that implicate President Garcia, his lawyer Genaro Velez, and former prime minister Del Castillo in conversations with Apristas Quimper and Leon Alegria remain unavailable.

"There are things that people don't want to come out, and there is a danger that the material will disappear or has already disappeared. The judiciary wants to be judge and jury and does not want other branches of government to use their constitutional powers to investigate," Congress president Luis Alva Castro told *Caretas* magazine. "There is a judge who [during the proceedings] recognized conversations and said, 'Let's keep this secret, let's not make this information public.'"

System of espionage

The press reported that, in the tapes found among the material confiscated from Ponce Feijoo, Quimper is heard talking with high-ranking judges, prosecutors, and even members of the TC about some judicial proceedings. "You can't put seven padlocks on material that could reveal the commission of crimes that go to the highest levels of political and economic power, both government and private. There are even wiretaps on embassy phones. The country is demanding that everything be clarified," said Luizar in an Oct. 18 interview in *El Comercio*. In that interview, Luizar said that wiretapping in Peru did not end with the action against BTR, that three other businesses are involved in this activity.

"In the final report, we will write about the relationship between the armed institutions and these businesses and the level of relationship will be specified, whether it is formal or informal, active, with the knowledge of the leadership of the Navy, the people in Intelligence," he added. Press reports indicate that BTR did not limit its actions to telephone interceptions but that it had set up an industrial-espionage system whose victims include legislators, politicians, journalists, business people, and diplomats.

"The conversations of legislators would not reveal acts of corruption but they would uncover backroom deals and alliances to reach agreements and approve laws," said La Republic in an Oct. 4 article on the political tapes. More resignations Although Luizar insisted on accessing all the information on the scandal tapes, he did not reveal that resigned housing minister Francis Allison worked for BTR.

It was the press that uncovered that. Luizar told La Primera that he did not reveal the Allison-BTR tie immediately when he learned about it in mid-August because he was legally prevented from doing so. "I have decided to step aside for the good of Peru and for the welfare of the government and the poor of the country, who deserve a minister who can give 100% of his time to working for them and not to defending himself against accusations," said Allison at a Sept. 27 press conference.

The official said that this situation had affected not only him but also President Garcia, to whom he apologized for not having disclosed his relationship with BTR. Allison still must turn over to the congressional committee investigating the case documentation explaining the US\$37,000 that he received from BTR between September 2007 and September 2008.

On Oct. 20, after admitting that he had had conversations with Quimper, heard on the tapes in the office of Judge Martinez, Corte Suprema de Justicia (CSJ) Judge Roger Ferreira Vildozola irrevocably resigned so as to not hinder the investigations that would be opened against him.

Former Petroperu president Cesar Gutierrez is accused by his former lover, journalist Martha Silva, of receiving US\$300,000 from the Norwegian company in consulting fees, of secretly consulting for other businesses in the sector while he was legally barred from doing so, and of having a romantic relationship with DPI translator Lily LeMasters starting before the concession was awarded.

Gutierrez says that, as soon as the problem arose, DPI called for an audit that showed that no illegal payments had been made in Peru, that the consulting he did while he headed Petroperu had concerned electric and telecommunications issues not oil matters, and thus not legally prohibited. The law allows former officials to do this kind of consulting one year after leaving the state sector.

Finally, Gutierrez said that he began his relationship with LeMasters in December 2008, after the concession was awarded. If evidence backs up Silva, who is also implicated in the alleged crimes, regarding Gutierrez's consulting for DPI, he could receive a 15-year prison sentence. "Corruption seems to still be installed at some levels of the executive, the Congress, and the judiciary. That is the only explanation for the persistent, impermeable, and heavy mantle of impunity that covers this network of corruption," said an El Comercio editorial Oct. 2.

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