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Peru's Criminally Corrupt Evade Payment of Damages

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The Procuraduría Anticorrupción is committed to recovering money stolen from the state during the regime of convicted felon and ex-President Alberto Fujimori (1990-2000). To do so, it is initiating a series of measures that range from seizing property to repatriating assets that the debtors have stashed abroad.

The Observatorio en Delitos de Corrupción, created by the Procuraduría, estimates that the amount involved is almost 1 billion soles (US$384 million), owed by 314 persons convicted of corruption.

Sept. 14 marked 12 years since the release of the "Kouri-Montesinos video," which precipitated the fall of the Fujimori government. In the video, former deputy Alberto Kouri is seen receiving US $15,000 from Vladimiro Montesinos, Fujimori’s security advisor, to switch from the opposition to the pro-government bloc in the legislature (NotiSur, Sept. 22, 2000).

The video was proof that the administration bought legislators, and it set off the chain of events that culminated with the fall of Fujimori, who faxed his resignation to the legislature while on a trip to Japan (NotiSur, Oct. 6, 2000, and Dec. 22, 2000).

"It's been 12 years since the Kouri-Montesinos video appeared, and the lesson is that [the government] should work with honesty and honor. And that events like these should never happen again," Víctor Isla, president of Congress, told the press.

Debtors reluctant to pay

Kouri was sentenced to six years in prison for corruption and fined 500,000 soles (US$192,000) in civil reparations to the state (NotiSur, March 7, 2003). In February 2006, he was released from prison without having paid the civil reparations. In July of this year, 100,000 soles (US$38,000) worth of Kouri's property was seized because of his refusal to pay the fine. The former deputy says that he does not have the money and that the seized property belongs to his wife.

"Señor Kouri has paid only 1,600 soles [US$615], a shameful amount. We are asking that this action be allowed on behalf of the state as part of the payment he owes to 30 million Peruvians," anti-corruption prosecutor Julio Arbizu told the press at the time.

Arbizu said that new property-seizure orders were being prepared to recover civil reparations from those convicted of corruption. "These people were given prison sentences, in some cases actual jail time and in others suspended sentences, but they were required to also pay civil reparations," said Arbizu. "They pay not only with prison time, there is also compensation that they owe the state for the crime committed and for the fraud that their crime inflicted on 30 million Peruvians."

Arbizu said that the Procuraduría Anticorrupción's actions have increased recovery of reparations by between 200% and 300% compared with last year.

The judiciary, at the request of the Procuraduría, has so far seized the assets of Kouri and Carlos Boloña, former finance minister during the Fujimori regime, who was convicted of criminal
conspiracy (NotiSur, Oct. 26, 2001). Boloña has paid a little more than 95,000 soles (US$36,500) of the 3 million soles (US$1.2 million) that he owes the state. Although, Boloña's property was seized in late July, he had apparently been warned about the impending action and was able to hide his most valuable assets.

"We are investigating all those sentenced who owe civil reparations, and Alberto Fujimori is one of the debtors," said Arbizu.

Fujimori owes 27.4 million soles (US$10.5 million) and has not paid one sol (NotiSur, Jan. 11, 2008). Montesinos has a debt of 400 million soles (US$153.6 million) and has paid only 1.2 million soles (US$461,000) [NotiSur, Oct. 6, 2006].

"We are checking into whether Alberto Fujimori has a pension from some public institution, because we already have a list of more than 30 people who have had 30% of their pensions seized," said the prosecutor.

Through his lawyer César Nakasaki, Fujimori has declared his insolvency and thus his inability to pay his debt to the state. The Procuraduría Anticorrupción is investigating whether he has assets that can be seized to cover his debt but so far has found nothing, which is suspicious and is pointing the investigation toward family members.

In mid-March, the attorney general's office closed the investigation—begun in 2010—of Fujimori's children for alleged illicit enrichment. Keiko Fujimori was investigated for alleged use of public resources to pay for her studies abroad and those of her brothers while her father was in power.

"The Procuraduria would have to find new evidence regarding the origin of the money she used to pay for her studies for the Fiscalía to reopen an investigation of Fujimori's children, but at this time that investigation is closed," the prosecutor told the press.

"For us, the case of Keiko Fujimori and her brothers has not been closed. In its notice to shelve the case, the attorney general's office accepts the existence of a discrepancy, but it does not open an investigation because Alberto Fujimori was not extradited from Chile for the crime of illicit enrichment (NotiSur, Oct. 5, 2007), and it says that if there is no perpetrator of a crime there can be no accomplices," a source from the Procuraduría told the daily La Primera.

Lawyer Carlos Rivera of the Instituto de Defensa Legal (IDELE) said that it is noteworthy that none of Fujimori's children—including Deputy Kenji and former presidential candidate for Fuerza 2011 Keiko—appear to have real estate, which could be evidence of a strategy to hide their father's assets. The former ruler spent close to US$225,000 on the education of those two children (the origin of which was never established), and Keiko's income during the time she served as first lady, between 1994 and 2000, is also unclear.

"It is always possible to investigate, we are not looking for a criminal act, we're looking for an irregular transfer of assets or cash to avoid paying a civil reparation," said Rivera.

Former anti-corruption prosecutor Ronald Gamarra said that the second administration of former President Alan García (1985-1990, 2006-2011) was five lost years in the fight against corruption since absolutely nothing was done during that time to combat it.

"Alan García never had the political will to confront corruption, it was an administration absolutely without reaction, without the measures necessary to confront kickbacks and bribery. I think that he
did not want to touch Fujimorism and I also think that he knows that that is not precisely a banner of Aprismo in the last 40 years," Gamarra told La Primera.

Historian and sociologist Nelson Manrique said that the García administration was characterized by cover-ups, and he mentioned the "petrotapes" case— influence peddling in the awarding of five oil-exploration lots to the consortium that included state oil company Petroperú and Norway's Discover Petroleum International (DPI), denounced in 2008—which was emblematic and representative of the administration's corruption (NotiSur, Oct. 31, 2008, and Oct. 30, 2009).

"In the García era, there was a permanent policy of cover-up, and I think that the petrotapes scandal is archetypical. The way it was managed revealed the delay, the maneuvers, the removal of evidence, and all at the service of impunity and corruption," Manrique told La Primera.

"Corruption is an endemic problem in Peruvian society, and there is a chasm between the state and society. The state hardly represents society, and to re-establish trust and democracy it is fundamental to implement the anti-corruption struggle."

Funds in foreign banks frozen

The Procuraduría Anticorrupción estimates more than US$1.5 billion in account movements of members of the Fujimori-Montesinos mafia in foreign banks but adds that those millions have not yet been fully identified.

Pedro Gamarra, former ad hoc prosecutor for the Fujimori and Montesinos cases, verified the sacking of the state treasury during the Fujimori regime following the sale, between 1992 and 1999, of state businesses such as Telefónica, Hierro Perú, AeroPerú, the complex of La Oroya refineries, among 220 public firms.

"Information from the Ministerio de Economía shows that the sale of these firms was worth US $7 billion. And, when the Fujimori regime ended, only US$500 million was left in the state coffers (NotiSur, Dec. 8, 2000)," Gamarra told La Primera.

However, for the parliamentary Comisión Investigadora sobre Delitos Económicos y Financieros (CIDEF), which investigated the privatization process after Fujimori fled the country, the figure is even greater. CIDEF certified that the state was paid US$9.2 billion for the sale of those companies.

Between 2001 and 2006, US$200 million was repatriated from the US, Switzerland, and the Cayman Islands, but that activity stopped during the second García administration. This recent measure has been undertaken as a priority of President Ollanta Humala's administration.

In August, the anti-corruption prosecutor announced that he had obtained a court order for the repatriation of US$8 million from Montesinos' account in a Luxembourg bank, and that amount would be added to US$12 million in the name of Alberto Venero, a Montesinos associate, which has been frozen in a Swiss bank (NotiSur, March 23, 2001). Arbizu told the press that, if interest were added to that US$20 million, the total would easily double.

On Sept. 23, Arbizu said that very soon US$8 million (that with interest will total US$16 million) will be returned to Peru from Montesinos' accounts in the Fortis Bank Luxembourg.

Former prosecutor Ronald Gamarra praised Arbizu's work; however, he said that, despite the Procuraduría's effort, he still does not think that a national plan to combat corruption exists. "I want to praise the Procuraduría's work, especially Doctor Arbizu's effort. He seems to be responding
adequately. However, I think that overall there is no public anti-corruption policy. Despite all that the Procuraduría is doing, I still don't see a national plan to fight corruption, and in general that is a weakness of this government," Gamarra told La Primera.

Gamarra said that, to address corruption, the government needs to redefine the anti-corruption policy, adding that the president needs to lead this effort.

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