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President Moscoso's Corruption Scandals

by LADB Staff

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One high-level Panamanian official has been forced to resign under charges of corruption. Another, who first brought the charges, is under fire for alleged corruption. Each is threatening to sue the other. The newspaper that broke the story is under threat of lawsuit. The mystery of a downed helicopter is partially unraveled, catching President Mireya Moscoso in an apparent lie and raising questions about her appointee to an anti-corruption commission.

Carlos Harris, head of the transit authority (Autoridad del Tránsito y Transporte Terrestre, ATTT), resigned March 19 amid a scandal involving taxi permits. Harris had been in an ongoing feud with Comptroller General Alvin Weeden, who had accused Harris of corruption. Sources said Moscoso had asked for Harris' resignation during a Cabinet meeting. Under political pressure to do something about this and other accusations of government misconduct, Moscoso said in mid-March she would fire, "without a second thought," any officials proven to be corrupt, even if they were friends.

Interior and Justice Minister Winston Spadafora said the ATTT investigation showed the administration was combating corruption, and Moscoso set about to revive the nearly dormant anti-corruption commission, placing Cesar Guevara, a close associate, in charge.

Government finds irregularities in taxi permits

On March 9, the attorney general, acting on a report from Weeden, closed the ATTT's taxi-permits department and began looking for evidence of corruption. Anti-corruption prosecutor Cecilia Lopez dismissed Paulino Sanchez, the head of the ATTT permits department, just before the announcement of Harris's resignation. Sanchez is accused of erasing some 1,000 taxi permits from ATTT computers. Lopez said Sanchez illegally switched the permits to others. Other irregularities included registering stolen cars, some of which turned up with illegal taxi permits.

On March 30, Lopez ordered Harris to give a sworn statement concerning the illegal issuance of permits in Chiriqui province, among other charges. Lopez said Harris had broken the law by failing to record the issuance and cancellation of permits and by altering taxi routes without first making the required technical study. Harris, she said, had ordered permit transactions orally and without producing the required documentation. A parallel investigation revealed a network of taxi operators who improperly received permits and who had a working relationship with ATTT officials.

Transport chief attacks comptroller Harris counterattacked in mid-March, accusing Weeden of using his position to line his pockets. Harris claimed that Weeden began his attacks just after the ATTT announced the start of a compulsory government car-insurance program. Until recently, Weeden owned the insurance company Compañía Afinazadora y Aseguradora de Panamá. Harris

said Weeden and the insurance industry had opposed the compulsory insurance program because they feared the government would dictate the premiums they could charge.

Answering Harris, Weeden said he had already sold the company but confirmed his opposition to the obligatory insurance rule. Instead of dictating how much insurance the companies must offer for the set premium, he said, the ATTT should negotiate an agreement with the companies. Weeden then announced he would sue Harris for slander. He said Harris had suggested that the insurance industry was going to pay him for opposing the insurance program. In the midst of the permits uproar, Weeden has also had to answer corruption accusations.

In mid-March, he denied media reports that he had used his position to get the Fondo de Inversion Social (FIS) to pay for improving a 4.6-km stretch of road leading to one of his properties near La Chorrera, west of Panama City, which he bought with proceeds from the sale of his insurance company. The daily El Panama America reported Weeden had used heavy equipment belonging to the construction company Proyectos Generales de Viviendas S.A. (PROGEVISA) to make improvements on his property. PROGEVISA is the same company FIS contracted for the road work.

Weeden acknowledged that the road led to his property but said the work also benefitted other residents nearby. He said there were more than the four houses the newspaper said were in the area. Weeden also admitted that he had rented earth-moving equipment from PROGEVISA for the work on his property. But he said it was common for the company to do work for him after normal work hours. He said in this way he saved the cost of transporting the equipment to the work site. Weeden announced he would sue El Panama America for publishing the story, which he said portrayed him as a corrupt official. He intimated that he might also bring criminal charges against the newspaper.

Spadafora is also suing the newspaper for reporting that FIS did work to improve his property, also located in La Chorrera. Moscoso defended Weeden and Spadafora and accused El Panama America of mudslinging to sell newspapers. Legislator Miguel Bush criticized Weeden for using the same construction company contracted by FIS for the road work. He said no one would believe he subcontracted the use of the equipment.

Pressure from scandals is mounting

Martin Torrijos, secretary general of the opposition Partido Revolucionario Democratico (PRD), said the administration "is going from scandal to scandal." Early in her presidency, Moscoso was roundly criticized in the media for giving all members of the Legislative Assembly expensive Cartier jewelry as Christmas gifts in 1999. The men received Cartier watches and the women 18-karat Cartier earrings. Though Moscoso said she bought the gifts, valued at US\$146,000, with her own money, there was never any final accounting of where the money came from. The incident raised questions about the propriety of giving lavish gifts while her Partido Arnulfista (PA) was trying to build a majority in the Assembly to get a budget passed.

At least one legislator, Teresita de Arias of the Partido Demócrata Cristiano (PDC), thought the earrings were inappropriate and returned them. However, as for trying to buy votes with jewelry,

she said, "If you want to pay someone for a vote, you don't do it in the open at a luncheon." Then, during the Ibero-American Summit last November in Panama, the government bought 13 Cadillac automobiles for the use of the delegates. The Cadillacs became a mini-scandal when a Foreign Ministry official said they would be given to the delegates after the summit was over. Moscoso said that the official had not consulted her and that, for her part, the cars could be sold. Following on the ATTT scandal and the accusations against Weeden and Spadafora, came the mystery helicopter.

Helicopter linked to Moscoso

On Feb. 18, a private helicopter crashed in the Gulf of Panama while carrying a party to Panama City from Punta Mala, where the president maintains a house. Ever since the accident, Moscoso and other officials have denied that they knew anything about the helicopter or that government officials were using it. The helicopter is registered to the firm Hanta, owned by Colombian businessman Jorge Vasquez, whom administration officials say is an "altruistic businessman" who lends the helicopter to the government. The president of Hanta is Cesar Guevara, a close associate of the president. The mystery was partially cleared up when local media which dubbed the craft the "helicoptero fantasma" got hold of a memorandum written by Moscoso's private secretary, Gisela Moscoso de Palermo, who is also the president's cousin.

The memo asked the Servicio Aereo National (SAN) to register the helicopter in the government's fleet of aircraft and to refuel it when necessary. The memo, written three months before the accident, seemed to effectively place the helicopter at the president's service. Moscoso de Palermo and three others were in the helicopter when it crashed, but none suffered serious injuries.

In March, El Panama America showed the memo to Anibal Salas, vice minister of the presidency, and SAN director Maximo Carrizo. Both acknowledged that government officials, including the vice president, had used the helicopter. However, Salas said the memo was just a form letter asking for refueling service and did not officially register the helicopter as part of the government's fleet. He said private owners of helicopters often donated their use for humanitarian work as in rescue operations. Salas said that previous official statements about the helicopter were merely denials of any contractual relationship between the government and Hanta.

Meanwhile, Moscoso appointed Hanta president Guevara to head the anti-corruption commission within the Ministry of Economy and Finance. Besides presiding over the Hanta corporation, Guevara, an attorney, is president of the Colegio Nacional de Abogados and serves on a presidential commission working to eliminate money laundering.

The PRD and other critics said Guevara should not have been given the position because of his close relationship with the administration and the governing PA as well as to the mystery helicopter. Despite the administration's explanation of the helicopter, PRD president Balbina Herrera said she would ask the attorney general to make a full investigation. Moscoso said she never used the aircraft and would say no more about the matter. Herrera alluded to suspicions that Hanta had bought the helicopter with funds from the Banco Nacional. She wants to know what Hanta owner Vasquez's connection with the administration is, whether Hanta has any contracts with the government, and what role newly appointed anti-corruption czar Guevara might have played in the spreading

scandal. As president of Hanta, what would Guevara do if a corruption case involving the helicopter came before him, Herrera asked.

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