

5-17-2001

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Recommended Citation

LADB Staff. "Comptroller General and President Aleman Struggle." (2001). <https://digitalrepository.unm.edu/noticen/8845>

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Comptroller General and President Aleman Struggle

by LADB Staff

Category/Department: Nicaragua

Published: 2001-05-17

President Arnaldo Aleman has renewed his resistance to investigation by the state comptroller (Contraloria General de la Republica, CGR) of allegations against himself and his administration. Aleman's current battle with the CGR regarding the building of a heliport on his property and other issues is reminiscent of the two-year struggle he had with former comptroller general Agustin Jarquin, and it supports claims that anti-corruption efforts have stalled or ended. Annoyed with Jarquin's audits of the central bank and other state agencies, Aleman began a campaign to remove him from office in August 1998.

The battle intensified in early 1999 when Jarquin challenged the president to declare his personal assets. Aleman retaliated, first accusing Jarquin of corruption, then having him tried and jailed in November 1999 (see EcoCentral, 1998-09-10, NotiCen, 1999-11-11). Though Jarquin was soon released by an Appeals Court, the episode prompted the European Union (EU) and international lenders to warn Aleman that he had to do something to restore confidence in Nicaragua's governability.

The International Monetary Fund (IMF) conditioned future consideration of Nicaragua for debt relief under the World Bank's Initiative for Heavily Indebted Poor Countries (HIPC) on guaranteeing an independent judiciary and CGR (see NotiCen, 2000-01-13). Then, in a deal with Frente Sandinista de Liberacion Nacional (FSLN) secretary general Daniel Ortega, Aleman pushed a reform law through the legislature that eliminated Jarquin's position by turning the CGR into a five-member "collegial" body. The membership was split between the governing Partido Liberal Constitucionalista (PLC) and Ortega's FSLN (see NotiCen, 1999-12-13). In May, Jarquin told the daily El Nuevo Diario that, with the restructuring of the CGR, Aleman thought it would become "docile, submissive, subject to his will."

President has state-built heliport on his property

In April, the local press reported that Aleman had built a private helicopter pad on his property, called Los Chiles, south of Managua. Later, there were additional accusations that he had a second heliport built on the property of his sister Amelia Aleman and that he may have purchased the luxury eight-passenger helicopter he uses all with public funds. Saying that "corruption has reached incredible levels," Comptroller Luis Angel Montenegro, a Sandinista member of the CGR, asked why Aleman had the heliport built on his property when his presidency ends in nine months.

In mid-April, Aleman admitted that the heliport was built with US\$35,000 of public money but said it was built on the recommendation of his security force to avoid traffic congestion between the capital and the nearby municipality of El Crucero where the president lives. He said the helicopter was not his but was rented from a Guatemalan firm for between US\$700 and US\$900 per hour and was used for state business.

The daily La Prensa reported that the helicopter belonged to the Guatemalan company Servicios Ejecutivos Nacionales but that the firm was not registered either in Guatemala or Nicaragua. The report raised the possibility that the craft had been registered to a dummy company to hide its real ownership. At the same time, El Nuevo Diario said that, according to a source at the airport where the helicopter was kept, the aircraft belonged to Aleman but was not registered to him to avoid inquiries and taxes on it. The source also said the helicopter would rent for between US\$1,500 and US\$2,000 per hour and, if bought, would have cost more than US\$1.5 million. Aleman has said his assets totaled less than US\$1 million.

Anti-corruption efforts lag

FSLN legislator Victor Hugo Tinoco asked the anti-corruption committee of the National Assembly to investigate the heliports, but neither the committee nor government prosecutors have been very active in investigating the steady stream of corruption allegations. Reformers were outraged recently when the Corte Suprema de Justicia (CSJ) refused to oust four judges accused of various crimes. "We found four judges who were not fit, and we wanted to discharge them but the court was opposed," said CSJ magistrate Guillermo Selva. "I'm talking about theft, drug trafficking, embezzlement, corruption, and many other things."

Further obstructing corruption investigations, the administration has cut the CGR budget. Montenegro said at least 90 audits have been stalled and 50 requests for audits of municipal and state finances were on hold. He said that, because of criticisms he made against the Treasury Ministry, the CGR received a 10% cut as a "budget castigation." Montenegro has repeatedly audited government departments and outraged officials by demanding they return per diem allowances they illegally received for attending meetings and other activities technically outside their departments.

In mid-April, Montenegro renewed Jarquin's efforts to force Aleman to disclose the origin and value of the assets he has accumulated since he became mayor of Managua in 1990. Montenegro said he knew Aleman before then, when he was poor and sold eggs and charcoal. Following Aleman's confirmation that the heliport was built with public funds, Montenegro asked the CGR to investigate. He said that, if it did not, the CGR members could be charged with a coverup and the National Assembly could fire them.

Montenegro said that he had received death threats since his conflict with Aleman began. He said Aleman decided to "play hardball" in response to the request for disclosure of his assets. "Look, some calves that are obviously not mine appeared on the property I have in Sapoa," said Montenegro. "But I have already ordered them removed because, without a doubt, whoever put them there planned to bring cameras, judges, and police to accuse me of cattle rustling." While Montenegro has not received unqualified support from his Liberal colleagues, the CGR as a body has aggressively pressed for transparency and accountability in government.

On April 27, all five comptrollers voted to carry out an audit on the heliport issue and asked the president and the Ministry of Transportation and Infrastructure for information on how the two

heliports came to be built. Aleman has struck back at the CGR he helped create. He accused CGR president Guillermo Arguello a Liberal of taking illegal per diem money as treasury vice minister, and he blamed Montenegro for the failure of the state Banco Nacional de Desarrollo (BND). Pro-Aleman newspapers printed various accusations regarding bank failures during Montenegro's tenure at the Treasury Ministry and alleged that he owned several mansions. Montenegro said he owned one mortgaged house, a car he was still paying on, and had US\$3,000 in savings.

In May, Aleman met with the three Liberal comptrollers to discuss the heliports and other corruption issues. El Nuevo Diario quoted a presidential source who said the meeting was to launch a "cleanup operation" to neutralize Montenegro. The source said Aleman had ordered an eight-member task force to investigate all aspects of Montenegro's life and find a reason for Aleman to charge him and send him to jail. The "cleanup plan" has convinced Aleman's critics that he intends to get rid of Montenegro the same way he ousted Jarquin.

Vilma Nunez, director of the Centro Nicaraguense de Derechos Humanos (CENIDH), warned that the attacks on the CGR send negative signals about Nicaragua abroad. The image, she said, was that of a president "who is allergic to any mechanism of control over his actions." Other commentators have warned that the image of uncontrolled corruption could hurt Nicaragua's chances for international aid and debt relief.

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