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Former DR President Fernandez Implicated but Not Charged

by LADB Staff

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After months of investigation, the attorney general's office has decided not to indict former Dominican Republic President Leonel Fernandez (1996-2000) on charges stemming from a multimillion-dollar fraud. Several former officials in the Fernandez administration are under arrest in connection with the case.

Far from dampening enthusiasm for the former president, the investigation seems to have boosted his standing in the Partido de la Liberacion Dominicana (PLD). Early in President Hipolito Mejia's term, government investigators began looking into various corruption charges, including contract kickbacks, embezzlement, exorbitant pensions for outgoing officials, and other giveaways that occurred in the waning months of the Fernandez presidency.

One of those investigated and later arrested was Luis Ynchausti, director of the Programa de Empleo Minimo Eventual (PEME), who was accused of transferring US\$100 million in PEME funds to his sister's bank account. PEME was initiated during the Fernandez presidency to head off anti-government strikes and protests by distributing money in poor neighborhoods through employment in public works. Aside from the losses, now estimated at US\$84 million, anti-corruption investigators in the Departamento de Prevencion de la Corrupcion (DPC) believe the funds were raised improperly and disbursed without government accounting controls.

Political opponents accused Fernandez of using much of the money to buy votes, while other sums from payrolls for phantom employees disappeared into the pockets of officials (see NotiCen, 2000-12-07). Besides Fernandez, prosecutors investigated at least 15 others, including former comptroller general Haivanjoe Ng Cortinas, former secretary of public works Diandino Pena, former PEME assistant director Leon Lopez Mata, Ynchausti's sister Grecia Peguero Rivera, and former administrative secretary to the presidency Simon Lizardo.

Former finance minister Daniel Toribio and former treasurer Ruben Pena failed to show up for questioning by DPC prosecutors Sept. 5. Fernandez said that "only dead or at gunpoint" would he present himself before the anti-corruption prosecutors. He dared the attorney general to send the army to arrest him. PLD spokespersons called the accusations "political persecution," and they threatened to take their case to the international community.

In a sharply worded response, Secretary of Foreign Relations Hugo Tolentino Dipp said there was enough evidence against Fernandez to send him to prison for misappropriation of public funds and related charges in the PEME scandal and for other acts committed during the last six months of his administration. It was only Mejia's generosity, he said, that kept Fernandez out of prison. Tolentino Dipp suggested that the best way to demonstrate the validity of the charges against Fernandez and

other former officials would be to take pictures of their houses before they took office and after they left. "Where did they get the funds to live that way?" he asked, adding that nobody gets rich on public salaries.

Early on, Mejia promised that no ex-president would be cited in an investigation. But relations soured between the two after Fernandez criticized Mejia's programs and his management of the economy. After Attorney General Virgilio Bello Rosa threatened to issue arrest warrants if the officials refused to appear for questioning, Fernandez and other former colleagues finally agreed to meet with prosecutors.

On Sept. 20, Fernandez had a four-hour session with them. Bello Rosa said the questioning was not related to any specific charges against Fernandez but was for the purpose of clarification. "We are satisfied and enlightened by the explanations he has offered," Bello Rosa said. Fernandez said in a radio broadcast that there were no errors or omissions in handling the PEME money. However, a comptroller general's audit of PEME accounts showed the program violated budget laws, in part because deposits in the accounts came from bank loans and were improperly reported.

In one case, PEME borrowed US\$29.2 million from the Banco Popular but deposited only US\$26.5 million in its accounts, leaving US\$2.7 million unaccounted for. Some funds were registered as income in the Treasury but were really deposits to the PEME accounts. When questioning was completed in October, Pena, Lizardo, and Ng Cortinas surrendered to authorities and were imprisoned on embezzlement charges.

Attorney general confident of convictions

In December, Bello Rosa said there was ample evidence to convict those now in jail on various charges arising from the case. However, he announced that Fernandez would not be charged so as not to "politicize the investigation, prosecution, and punishment of the others accused." Instead of prosecuting the ex-president, Bello Rosa suggested that, in case Fernandez again became president, he should not permit similar "outrages" to occur. The behavior of these former officials was "a real shame for the country," said Bello Rosa.

Meanwhile the investigation may have helped Fernandez' political fortunes. A recent opinion poll indicated that his approval rating rose 13 points in recent months to 48%. He is now the politician with the greatest public approval. In December, the PLD's political committee decided to propose him as the next party president. Fernandez is also considered a likely candidate in the presidential election of 2004.

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