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Central America Free-trade Pact with U.S.

by LADB Staff

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Byron Jerez, former head of the Nicaraguan tax revenue agency (Direccion General de Ingresos, DGI), is under investigation in the US for possible money laundering. After US authorities revoked his visa, the Nicaraguan government's auditing arm and the national police said they would re-examine two-year-old corruption charges against Jerez. Jerez served in the administration of former President Arnaldo Aleman (1997-2002) and was investigated in 2000 as part of a scandal known as the "checazo."

An audit by the Contraloria General de la Republic (CGR) found that he could not account for US \$600,000 in tax credits he issued to businesses, including some in which he had an interest. Nor could he account for "mystery" checks and questionable purchases the DGI made nor explain his dealings with Jorge Solis, then director of the government-owned Empresa Nicaraguense de Petroleo (PETRONIC). Facing the damaging auditor's report, Jerez resigned in June 2000. The CGR declined to press charges, citing insufficient evidence of criminal acts (see NotiCen, 2000-06- 15).

In July 2000, a criminal-court judge reviewing the case dropped all charges against Jerez and Solis without reviewing any of the evidence (see NotiCen, 2000-07-27). The next month, an appeals court ruled that Jerez did not have to pay the fine the CGR had levied.

Jerez accused of using hurricane relief funds

In October 2000, the weekly newspaper Confidencial reported that its investigation uncovered work estimates and other documents showing Jerez had used government vehicles and US\$412,800 in international-donor funds for Hurricane Mitch reconstruction to build a terrace on his palatial beach home in Pochomil Viejo, 56 km south of Managua. The work was done by the construction company Modultesca partly owned by former Miami-Dade County Commissioner Pedro Reberedo. Jerez was a prominent member of the Nicaraguan exile community in Miami in the 1980s.

In September 2000, the CGR decided to sanction Jerez and former transportation minister Jaime Bonilla for the home- improvement work and other jobs paid out of Transportation Ministry funds and falsely reported as hurricane-related road construction. To date Jerez has not been charged with any criminal action in these and other scandals. While Jerez waited to board a Miami-Managua plane Jan. 24, US federal officials confiscated his visa. The US Consul General in Managua asked local airlines to refuse Jerez transportation back to the US, threatening them with a US\$1,000 fine if they failed to comply.

An official in the US Embassy in Managua told the daily La Prensa that the visa had been revoked under a provision in US law relating to money laundering. The State Department has not said what specific reasons it had to revoke the visa, but according to The Miami Herald, the US had been investigating Jerez for 18 months. Some see connections to election The US action against

Jerez occurred two weeks after President Enrique Bolanos took the oath of office and while former President Aleman was moving vigorously to challenge his authority (see NotiCen, 2001-10-18, 2002-01-17). Some observers are concluding that the two events are connected.

Rafael Cordoba, former CGR official, speculated that the US action was a warning to Aleman that the same thing could happen to him if he did not allow the newly installed president to govern without harassment. The US had worked openly during the campaign to ensure that Bolanos won the election (see NotiCen, 2001-11-08).

Virgilio Godoy, former vice president in the administration of President Violeta Chamorro (1990-1997), said the US had given Bolanos the perfect opportunity to make good on his promises to attack corruption. He said that, if Aleman were implicated in the developing investigation, he could take the governing Partido Liberal Constitucionalista (PLC) down with him. "There are many who are going to have to explain where they got their millions," Godoy said.

Nicaraguan authorities confused

Edwin Cordero, chief of the National Police, announced on Jan. 31 that Jerez had left the country and that he was free to do so since there were no charges against him. But that same day, Jerez appeared on local television to criticize the media for reporting his departure. During the television appearance, Jerez praised the US and showed off a photograph of President George W. Bush and an invitation he received from the Republican Party to attend Bush's inauguration. Almost everything about the case is in confusion. Federal Bureau of Investigation (FBI) agents may or may not be working in Nicaragua on the Jerez case.

Interior Minister Arturo Harding said that if they were, it would be without the knowledge of the Nicaraguan government. Harding said he knew nothing about why US authorities lifted the visa even though he was in Washington a few days after the event to attend a meeting of the Inter-American Convention Against Corruption. He met there with high-ranking US officials but said, "They told me absolutely nothing about the Byron Jerez case." After nearly two years of aborted investigations, the US action against Jerez has forced the CGR and police to reopen the case.

Francisco Ramirez, head of the CGR's Consejo Superior, said the CGR would reopen the checazo case, and police chief Cordero said he would re-examine the collapse of the Banco Nicaraguense de Industria y Comercio (BANIC), which received some of the questionable DGI checks. Interior Minister Harding said the newly established Anti-Corruption Department of the National Police would begin its own investigation of Jerez.

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