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Corruption Whistleblower Expelled From Party

by LADB Staff

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Panamanian prosecutors investigating the bribery scandal first revealed by Legislative Assembly Deputy Carlos Afu have uncovered evidence linking the bribe money to the government contractor San Lorenzo consortium. Investigators have also found that Afu had suspicious telephone conversations with government officials and some of those he implicated in the scandal. The investigation has been impeded by the refusal so far of more than 30 deputies to give up their immunity from prosecution.

The scandal erupted in January when Afu, a legislator for the opposition Partido Revolucionario Democrático (PRD), said that the San Lorenzo consortium offered bribes to all members of the legislature to vote for its bid on a government contract to build the multipurpose Centro Multimodal, Industrial y de Servicios (CEMIS). Afu alleged that PRD Deputy Miguel Bush arranged for the bribes (see NotiCen, 2002-01-31). Afu's allegations were under a cloud, however, because at the time he made them, the PRD's disciplinary tribunal (Tribunal de Honor) was in the process of expelling him and two other deputies from the party for voting to confirm Winston Spadafora and Alberto Cigarruista to appointments on the Corte Suprema de Justicia (CSJ). The nominees are members of the governing Partido Arnulfista (PA), and the PRD ordered its deputies to close ranks against the nominations.

The tribunal also charged Afu with taking bribes in exchange for supporting the nominations. The tribunal voted March 25 to expel Afu. But Afu refused to go quietly and launched an offensive charging that party members had voted to expel him out of fear of PRD president Balbina Herrera. He said he would soon present new accusations against Herrera. Despite the expulsion order, Afu declared his intention to remain in the party and to appeal the decision to the PRD's Consejo Directivo Nacional (CDN). During the appeal process, he has the right to keep his seat in the Assembly. Afu can appeal from the CDN all the way to the CSJ, where presumably he has two friends. The tribunal is also planning hearings on similar accusations against alternate deputy Tomas Altamirano Duque and Deputy Carlos Alvarado.

Since January, the expulsion and CEMIS cases have fused into one of the biggest corruption scandals in recent Panamanian history, prompting popular demands for action against deputies and against government corruption in general. In March, Assembly president Ruben Arosemena said the legislature faced "collapse" unless all deputies surrendered their immunity and submitted to the judicial process. Even then, state institutions need to be reformed, he said, and a new national constitution might be necessary.

New evidence emerges in construction scandal

In February, the brother of San Lorenzo executive Martin Rodin confirmed that millions of dollars were spent to bribe the Assembly. Peter Rodin said in a television interview that he did not see the

exchanges take place but knew that US\$7.2 million was being transferred to cover the bribes and US \$2 million or US\$3 million more was on the way. Martin Rodin rejected the allegations and said his brother was "unstable." On March 26, Attorney General Jose Antonio Sossa ordered the arrest of Stephen Jones, San Lorenzo's financial officer, because of irregularities government auditors found in his reporting of expenditures and bank transfers. Jones was freed on US\$100,000 bond the same day.

Auditors found that the firms belonging to the consortium began moving large sums of money around at the end of 2001 when the bribe payments were allegedly made and that the amount of money was much greater than previously supposed. Prosecutors said they have documents from the San Lorenzo offices that contain the names of Assembly deputies with sums written next to their names.

Before the PRD vote on Afu took place, police investigators reported that he had extensive telephone communications with individuals connected with the scandals during the period in which the CEMIS contract and the CSJ nominations were under consideration in the Assembly. The report shows numerous communications with legislators Alvarado, Altamirano Duque, and Mateo Castillero of the PRD and PA Deputy Francisco Aleman all alleged to have taken bribes. He also had conversations with government comptroller Alvin Weeden and the two CSJ nominees Interior and Justice Minister Spadafora and PA Assembly Deputy Cigarruista. Afu made calls to Weeden the same day he held a news conference to show reporters the money he alleged Castillero had given him to vote for the San Lorenzo contract.

Meanwhile, the CEMIS project is in limbo because its environmental impact study has yet to be approved and because there is growing sentiment in government and the private sector to invalidate the San Lorenzo contract. Ivan Zuniga, a member of the president's anti-corruption commission, said the CSJ has the authority to suspend execution of the contract once the investigation is complete. Investigation of the deputies is moving slowly as they decide whether to follow the lead of Assembly president Arosemena and give up their immunity.

Roberto Abrego, chair of the Assembly's credentials committee, recommended that the Assembly vote on whether to strip deputies of immunity if they do not do so voluntarily. At the end of March, 39 of 71 deputies had volunteered to give up their immunity though only three of them belong to the governing Arnulfista party. Many others say they are reluctant to do so out of fear that Attorney General Sossa might exceed the limits of the bribery cases and investigate them on other questions. Afu was among those who have not given up immunity. "I am not going to do it until all the legislators do it," he said.

Contracting procedures questioned

Government contracting procedures are now under scrutiny. Business leader Jose Javier Rivera, who sits on the president's anti-corruption commission, said that contracting procedures like the one involving the CEMIS project were "a constant source of corruption." He said officials often invent special rules or claim urgency to award contracts directly to favored companies without competitive

bidding. The commission has made 50 recommendations to President Mireya Moscoso, one of which is to suspend all direct construction contracting.

Ivan Cohen, president of the Chamber of Commerce, warned in February that the corruption charges were scaring investment capital away and that the attorney general should continue the investigation no matter where it leads (*hasta las ultimas consecuencias*). One deputy has shown signs of annoyance at press coverage of the scandals. After the daily *El Panama America* published a picture of Cambio Democratico (CD) Deputy Sergio Galvez counting a stack of US\$20 bills in the Assembly, he suggested journalists end the "show" or "someone might take the law into their own hands." He added that while he had taken no bribe money, he would have if it had been offered and then he would have turned it over to the poor in his district.

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