

5-9-2002

President Bolanos Arrests Predecessor's Associates

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/noticen>

Recommended Citation

LADB Staff. "President Bolanos Arrests Predecessor's Associates." (2002). <https://digitalrepository.unm.edu/noticen/8957>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

President Bolanos Arrests Predecessor's Associates

by LADB Staff

Category/Department: Nicaragua

Published: 2002-05-09

Nicaraguan President Enrique Bolanos moved quickly to fulfill one of his major campaign promises by ordering his attorney general to investigate colleagues and Cabinet members of former President Arnoldo Aleman (1997-2002).

The arrest last month of Byron Jerez, Aleman's former director of the tax department (Direccion General de Ingresos, DGI), began the unraveling of a vast network of government fraud and embezzlement. Jerez was at the center of the "checazo" corruption scandal in 2000. While head of the DGI, he was forced to resign over the disappearance of US\$600,000 in tax revenues (see NotiCen, 2000-04-13) and was later accused of stealing US\$412,000 in disaster relief funds (see NotiCen, 2000-06-15, 2002-02-07).

In March, government auditors began an investigation of Aleman's assets and the 157 improperly issued DGI checks that gave their name to the checazo scandal. Prosecutors also began investigating the US\$1.3 million missing from the government's television Channel 6 and arresting associates of Aleman (see NotiCen, 2002-04-04).

By April, only legislative immunity seemed to prevent Aleman's arrest. Virgilio Godoy, vice president in the administration of former President Violeta Chamorro (1990-1997), told Inter Press Service that "in the last few years, many were licensed to commit crimes. Corruption was boundless."

"To the surprise of many, myself included, President Bolanos is keeping his campaign promise to investigate and punish corruption," said Godoy. Ricardo Zambrana, director of the nongovernmental Coordinador Civil de Emergencias y Reconstruccion (CCER), told Inter Press Service the government lost more than US\$1.2 billion through corruption while Aleman was in office. That is more than half the country's annual budget.

Former tax collector arrested

Police arrested Jerez, who is unprotected by immunity, April 22, nearly two years after he resigned under fire but with apparent impunity in the checazo scandal. Jerez was initially charged with importing 23 vehicles in the name of DGI without paying customs duties and then transferring them to others including family members and fictitious persons.

Along with Jerez, who was untouchable while Aleman was president, several other former high-ranking officials have fallen. Former minister of health Mariangeles Arguello and her husband Silvio Arguello, former director of the food- commodities agency, and Jorge Solis Farias, former president of the Empresa Nicaraguense de Telecomunicaciones (ENITEL) reportedly fled the country. Aleman's former treasury minister Esteban Duque Estrada, implicated in the Channel 6 fraud, and

another former ENITEL president, Gabriel Levy, went to the US. Former superintendent of pensions Martin Aguado, forced to resign under pressure from the Inter-American Development Bank (IDB) for corruption, is reported to be in Honduras. Documents police and prosecutors have uncovered are showing the money connection between Jerez and Alejandro Lopez Toledo, a Mexican national implicated in the Channel 6 scandal.

Documents show Lopez Toledo transferred money that presumably came from Channel 6 to the Fundacion Democratica Nicaraguense, a Miami-based organization Jerez owns. The Fundacion's Miami address is the same as Latin Services, a business in which Jerez is the major partner. Latin Services received checks worth US\$30,000 in the checazo scandal. Lopez Toledo was closely tied to the Aleman administration, acting as advisor to the government in the partial privatization of ENITEL in 2001. Opponents of the sale charged that the winning bidder, Telia Swedtel, was a front for a company partly controlled by Aleman's associates. Herty Lewites, the Sandinista mayor of Managua, charged that Aleman, Jerez, Solis Farias, Duque Estrada, and Aleman's brother Agustin were the principal figures behind the scheme to acquire an interest in ENITEL (see NotiCen, 2001-09-27).

The daily La Prensa reported that investigators also had documents showing that Lopez Toledo, acting for Servicios de Infraestructura y Comunicacion the firm that received funds embezzled from Channel 6, instructed the Banco Internacional Costa Rica-Panama (BICSA-Panama) to transfer US\$200,000 to the Fundacion's account in a New York bank last July. The account received other deposits in August and September 2001 totaling US\$300,000.

In 1996, Jerez wrote a check for US\$3,749 from Fundacion funds to pay for Aleman's medical insurance policy. The next year, when Aleman was president, Jerez wrote another check for US \$9,939 for the same purpose. So, it appears that Aleman's insurance policy was paid for with money stolen from the publicly owned television station. When arrested, Jerez was carrying US\$70,000 and a suitcase containing 16 credit cards, receipts for bank transfers worth nearly US\$1 million, and lists of institutions and persons who received tax credits from DGI during the time he was its director. Police concluded that Jerez was about to flee the country. Also found among Jerez's personal effects were five diplomatic passports, seven regular passports, and an Uzi submachine gun belonging to the police.

During a search of Jerez's house, warehouses, and other properties in late April, police found eight vehicles, presumed to be among those illegally imported in the name of DGI. Also found was police equipment such as clubs, electric cattle prods, and anti-riot gear. In one warehouse, police found hospital beds, chairs used in physical therapy, and schoolhouse chairs and chalkboards. Outside, there was a yellow bus with a sign indicating it had been donated to a school by President Aleman. Alongside the bus was a yacht.

More charges, arrests in May

On May 3, the attorney general entered new charges against Jerez for fraud in connection with the checazo case. Specifically, Jerez is accused of issuing tax credits to ENITEL for early payment of taxes. In exchange, ENITEL allegedly wrote checks to companies in which Jerez had an interest.

Others charged along with Jerez were Solis Farias, Pedro Lopez Calero, Jesus Martinez Aleman, and Silvio Arguello. Jerez has claimed that issuing credits for early payments was an accepted practice at DGI, but the ENITEL checks went either to Jerez's businesses, such as Modultecsa, Miami Delivery, Cargos Services, and Sistemas Dinamicos, or to purchase goods for ENITEL that never showed up in its inventories.

Also in early May, arrest warrants went out for Duque Estrada and five others in connection with the Channel 6 fraud. Former president regrets role in Bolanos' election Following the arrest orders, Aleman was reported to have asked members of his Partido Liberal Constitucionalista (PLC) to forgive him for having helped Bolanos become president. He said he would not have done it had he known that it would cause grief for the party. Although Bolanos served as Aleman's vice president, a fierce political struggle broke out soon after his election last year, as Aleman maneuvered to take the presidency of the Nacional Assembly and challenge Bolanos' authority both as president and leader of the PLC.

Both the party and the PLC delegation in the Assembly are split between Alemanistas and Bolanistas. The struggle became a declared war after May 2, when Aleman followers in the PLC ignored a dinner invitation from the president. Bolanos, who until recently called Aleman a friend despite their battles, fired government employees who were relatives of Alemanista deputies. Deputy Wilfredo Navarro, one of the legislators whose relatives lost jobs, called the firings "a declaration of total war" by the president.

-- End --