Latin America

Guatemala Outsources a Corruption Crackdown

A U.N.-sponsored agency has put Guatemala’s president and much of its political elite behind bars, in one of the most sweeping anticorruption campaigns ever.

A U.N.-sponsored agency in Guatemala helped the attorney general bring charges against President Otto Pérez Molina. Photo: Esteban Biba/EFE/Zuma Press

By
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GUATEMALA CITY—Eight years ago, when Guatemala outsourced part of its corrupt judicial system to a U.N.-sponsored agency, few would have given the experiment much of a chance. After all, this is a country where tens of thousands of civilians died at the hands of death squads during a 36-year civil war, and almost no one was held accountable.

Now, with Guatemala’s President Otto Pérez Molina behind bars—the first time a democratically elected leader has ever stepped down over corruption-related charges here—
politicians and the public throughout Latin America are paying closer attention to one of the most unusual gambits in the annals of corruption fighting.

The International Commission Against Impunity in Guatemala, or Cicig, has broad powers to launch its own criminal investigations. It then works alongside Guatemala’s own attorney general’s office to prosecute cases in local courts. Its staff hails from 20 countries, from Italians who have tussled with the Mafia to Colombian anti-money-laundering experts.

During the past few months, it has convulsed Guatemalan politics and society, bringing charges in a variety of corruption scandals against the sitting president, vice president, the heads of the central bank, customs and tax agency, and social security institute, the head of congress, leaders from several political parties, a judge, and a vice presidential candidate. Nearly all are in custody. Most, including Mr. Pérez Molina, have denied wrongdoing.

The experience of Cicig in Guatemala offers a glimpse of just how deeply corruption runs in many developing countries and what real justice might look like. Already, anticorruption activists in Honduras and Mexico are calling for their own versions of the agency. But it also raises a paradox: Scenes of a president being hauled off to jail will likely scare off governments in the countries that need it most.

“I’m sure there are people who look at this with trepidation and think ‘Oh my, an international entity takes out a president,’ ” said Roger Noriega, a former head of hemispheric affairs under the administration of George W. Bush. “But that’s the point: Guatemalan institutions would have never done this on their own.”

Ivan Velasquez, a 60-year-old Colombian prosecutor, heads Cicig in Guatemala. Photo: Josue Decavele/Reuters

Since it began working in 2007, Cicig’s more than 200 investigations have led to charges against more than 160 current or former government officials, including former President
Alfonso Portillo, various former defense and interior ministers as well as former directors of the National Police, retired generals, politicians, businessmen, drug-traffickers and hit men. Nearly all were convicted. Mr. Portillo was acquitted in Guatemala of stealing defense ministry funds but pleaded guilty to U.S. money-laundering charges and spent a total of nearly six years in prison in the two countries.

When the agency began, Guatemala’s rate of impunity was pegged at 95%—meaning only 5 in 100 crimes were seen as solved by the judicial system. The rate is now roughly 70%, according to the attorney general’s office and academics. The U.S. impunity rate, by contrast, is about 35%.

“We couldn’t do what we do here without the Cicig,” said Thelma Aldana, Guatemala’s attorney general, in an interview. “They provide the capacity and the budget that we simply don’t have.”

Ivan Velasquez, the 60-year-old Colombian prosecutor who heads Cicig, says the agency has the freedom to act because it has no local ties. “You can’t influence us,” he said in an interview in the agency’s walled compound in Guatemala City. “We aren’t linked to the business class, or military, or judges or lawmakers. That gives us enormous freedom.”

Nothing the Cicig has done in its eight years, however, compares to the past few months. In April, it unveiled the existence of a scheme in which companies allegedly paid kickbacks to corrupt officials in exchange for lower import duties. At the time, Cicig said the scheme was orchestrated by the vice president’s personal secretary. The vice president soon resigned, and was later arrested. The personal secretary, a former military officer from El Salvador, is a fugitive.

The following month, police arrested 17 government officials in connection with an alleged bribery scheme uncovered by Cicig at the country’s public health institute that awarded a Mexican company with no experience a contract to do outpatient dialysis treatment. Scores of patients are believed to have died prematurely as a result, investigators say.

The institute’s entire board of directors was arrested, including the head of the central bank, the dean of the country’s largest medical school, and institute chief Juan de Dios Rodriguez, who tried to elude capture by checking himself in to a private clinic complaining of gastric reflux, say prosecutors. Mr. Rodriguez, a former military officer, was arrested nonetheless.

The head of congress and six other lawmakers, a judge, and another former head of the central bank were caught up in separate criminal allegations. The president’s son-in-law was charged with influence peddling. The environment minister, who signed a $17 million contract with an Israeli businessman for a “patented liquid” to clean up a polluted lake, resigned after Guatemalan and Cicig investigators alleged that the solution was mostly water with salt.

All have denied wrongdoing.

The dramatic revelations spurred tens of thousands of Guatemalans to take to the streets in protests that were widely seen to cut across class and racial lines in a normally divided country.
“People are fed up,” said Juan Luis Font, publisher of a local investigative magazine called ContraPoder. “There is no person more popular in Guatemala right now than Ivan Velasquez.” Ms. Aldana, the attorney general, may be a close second: She gets ovations when she goes out to eat at restaurants with her family, witnesses say.

A piñata of jailed President Otto Pérez Molina depicted him in prison garb. Photo: Esteban Felix/Associated Press

The drama has upended Guatemala’s political system. Anticorruption feeling is so high that a former TV comedian and political outsider, Jimmy Morales, won the first round of a presidential election last weekend to pick a successor to Mr. Pérez Molina, whose term was due to end in January. Mr. Morales’ campaign slogan was “Neither corrupt nor a thief.”

A runoff vote is scheduled for late October between Mr. Morales and either former first lady Sandra Torres or former businessman Manuel Baldizon, who were locked in a dispute over second place. Both Mr. Morales and Ms. Torres have vowed to support the Cicig, which has renewable two-year mandates. “I won’t be able to govern without Cicig,” Ms. Torres said in an interview this week.

Mr. Pérez Molina’s Patriot Party, meanwhile, scored under 4%.

The events in Guatemala have come at a time when growing numbers of middle-class Latin Americans, lifted by a decadelong commodity boom and tied in through social media, have grown increasingly intolerant of corruption, leading to protest movements that some call a Latin “Arab Spring,” albeit more peaceful and under democratic rather than autocratic governments.

In Brazil, millions have taken to the streets to demand the ouster of President Dilma Rousseff over a corruption case at state oil firm Petrobras. Mexico’s president has come under fire for links to a government contractor that built his wife’s home. Even in buttoned-down Chile, the
son of President Michelle Bachelet quit this year as head of a state charity over accusations of influence peddling. All three have denied wrongdoing.

Guatemala’s neighbor Honduras has been roiled all summer by protests over revelations of an embezzlement scheme in the national social security administration. President Juan Orlando Hernandez acknowledges that his political party received some of the funds, but has denied any knowledge of the scheme.

The upheaval in Central America comes as U.S. lawmakers consider a $675 million fund for Guatemala, Honduras and El Salvador to boost economies, curb crime and corruption, and help stem the flow of migration northward. The U.S. Senate Appropriations Committee in July recommended $2 million of the money be set aside to support a Cicig-type agency for Honduras if one is created.

“We hope that countries in Central America, and even Mexico, will take a look at this, not view this as an infringement upon sovereignty but rather an opportunity to independently investigate and prosecute corruption, human-rights abuses and other serious crimes,” said Sen. Patrick Leahy (D, Vt.), the senior member on the committee.

Honduras, El Salvador and Guatemala form the most violent subregion in the world, according to U.N. figures. El Salvador’s murder rate so far this year has spiked to 96 per 100,000 people—tops in the world, according to government figures. By contrast, the global average is six.

Even in nationalistic Mexico, there are calls for international help in a country where just 2 of every 100 violent crimes is solved and following last year’s mass disappearance and likely murder of 43 college students. The country’s conservative opposition National Action Party this week called for an international commission similar to Cicig to investigate the case. Former Foreign Minister Jorge Castaneda wants a permanent commission for Mexico.

Not everyone in Guatemala is happy about the international body. Many in the military resent foreign meddling. One former military officer charged by Cicig for running an extortion racket out of the country’s prison system took to wearing T-shirts that read “Cicig out of my country!” Some leftist academics say it is neocolonial justice. And some of its targets complain of bias.

Mr. Pérez Molina, a former general and head of military intelligence during the civil war, told the court this week that Cicig was acting on behalf of shadowy international interests, and had cowed local prosecutors into pursuing him. He has vowed to fight the fraud and conspiracy charges lodged against him.

But a recent opinion poll by leading newspaper Prensa Libre showed that 65% of Guatemalans trusted the agency, the highest of any institution in the country including the Catholic Church. The country’s political parties were trusted by 13%.

“Cicig, particularly under Mr. Velasquez, has strengthened our fight against impunity and our rule of law,” said Jorge Briz, the head of Guatemala’s powerful business lobby, known as Cacif. The Cicig still has its work cut out, however: The Cacif estimates half of every dollar the government raises in revenue is stolen.
The roots of the Cicig in Guatemala go back to the country’s 36 years of civil war that claimed an estimated 200,000 lives and ended in 1996. The vast majority of those killed were at the hands of state security, death squads, intelligence units, police officers and military counterinsurgency forces, according to a U.N. truth commission report.

Under terms of the peace accord, Guatemala’s government promised to dismantle such groups. But in the years that followed, the groups not only didn’t fade away, but mutated into organized crime linked to everything from illegal adoptions to drug trafficking, according to the U.N. and Guatemala’s own government. By the early 2000s, Amnesty International described Guatemala as a “corporate mafia state.”

The country’s murder rate soon surged to twice the rate compared with the war itself.

Scores of human-rights workers, journalists and members of the judiciary were killed in those years. Judges and prosecutors couldn’t get health insurance because their jobs were too dangerous, according to a U.N. Human Rights Commission report in 2000. Organized crime was so embedded in the state that President Alvaro Colom found his office had been bugged by his own security personnel.

“We realized we couldn’t fix our institutions alone,” said Eduardo Stein, a former vice president who helped negotiate with the U.N. to create the agency. “We figured that if member states could ask the Security Council for peacekeepers, why not help to address an internal problem that is as serious as war: Organized crime.”

The Bush administration threw its support behind the idea. A first version of the agency, which would have been a full U.N. body, was struck down by Guatemala’s top court because it had the power to prosecute, which the Guatemalan constitution stipulates can only be done by the local attorney general’s office.

So both sides agreed to make the agency a co-plaintiff on cases. It was also turned into a non-U.N. body with renewable two-year mandates instead of five. In December 2006, Guatemala’s government signed the accord with U.N. Secretary General Kofi Annan. But the proposal languished for months in Guatemala’s congress. “They were afraid to pass it,” says Mr. Stein, the former vice president.

That February, a shocking crime proved a turning point. Three lawmakers from El Salvador and their Guatemalan driver were burned alive by assailants during a visit to Guatemala. Subsequent investigations pointed to high-ranking members of the National Police. Four lower-ranking police initially arrested for the crime were then murdered in Guatemala’s maximum-security prison—presumably to prevent them from saying who had ordered the original hit.

After a public outcry, and pressure from several foreign governments like the U.S., Guatemala’s congress finally passed the Cicig law on Aug. 1, 2007, allowing the agency to open its doors a month later with Spanish prosecutor Carlos Castresana as its first chief.

Under Mr. Castresana, Cicig set about trying to boost Guatemala’s fragile legal system. After the first attorney general was fired because he refused to help, his replacement agreed to set up a special prosecutor’s unit—handpicked and vetted by Cicig—within the attorney general’s office.
Guatemalans wait in line to vote in general elections last week. Photo: Moises Castillo/Associated Press

The Cicig helped create specialized courts in the capital where judges could be safer from threats by organized crime than in the countryside. With the help of the U.S. Marshals Service, it set up a witness protection program. It introduced a law allowing for use of confidential informants, created a security unit to protect prosecutors, and a specialized unit within the attorney general’s office for wiretaps.

“What’s good about the Cicig model is this hybrid role of both helping to solve crimes and building capacity in the Guatemalan justice system so that eventually Cicig can leave,” said Adriana Beltran, a researcher at the Washington Office on Latin America, a human-rights advocacy group.

In its first years, the agency helped solve several high-profile Guatemalan crimes, including the murder of attorney Rodrigo Rosenberg.
But it hasn’t all been smooth sailing. In 2010, a new attorney general was named who began firing key prosecutors from the special prosecutor’s office. Mr. Castresana, who had also been the target of a propaganda campaign that accused him of infidelity in his marriage, quit. He denied having an affair and left the country.

The Cicig pressed on in the following three years under a Costa Rican prosecutor, but came under fire for supporting cases related to the country’s dirty war past. Funding and staffing declined, as did morale.
Then Mr. Velasquez arrived in October 2013. For weeks, he interviewed scores of people across the country, asking them what they wanted from the agency. The conclusion: a focus not on the past, but on current political corruption.

Mr. Velasquez, who has a trim salt-and-pepper beard and professorial air, is uniquely suited for Cicig, say admirers. He learned about organized crime first hand as a prosecutor in the Colombian state of Antioquia, where Medellín is located, when drug lord Pablo Escobar was at the height of his power. He then investigated how some drug gangs morphed into paramilitary groups—and vice versa—during the country’s ongoing civil conflict.

Then, as an auxiliary judge on Colombia’s Supreme Court, he led an investigation into ties between paramilitary groups classified by the U.S. government as terrorist organizations and lawmakers. Some 52 senators and congressmen were arrested in the probe, which lasted from 2007 to 2010. Most have been convicted, while some are still in trials.

It catapulted the prosecutor into a national hero for many, and a threat to some. He received multiple death threats.

“He brings a degree of experience to the job that’s unique, an understanding of how cartels and paramilitary groups get access to a state and control the state through corruption,” said Tom Shannon, a top U.S. State Department official. “He has a nose for this stuff.”

In Guatemala, Mr. Velasquez has had the good fortune of two strong partners as attorneys general, analysts say. Ms. Aldana, the current attorney general, says she and the Cicig chief communicate every day through WhatsApp.

Associates say Mr. Velasquez, who avoids the limelight, views crime through a sociological—almost anthropological—lens, looking at systems that permit crime to flourish, and going beyond individual crimes to spotting patterns and networks that lurk behind.

“He investigates a system,” said Martha Ruiz, head of a Colombian group called Verdad Abierta that investigates political crimes. “That’s why he gets to the people who are behind it all. He just never investigates a single crime.”

Finding patterns would be key to unraveling the network behind “La Linea,” the alleged customs fraud scheme that cost Mr. Pérez Molina the presidency. In that case, investigators began with a single phone conversation between a Chinese importer and a Guatemalan associate and followed the clues that eventually led them to the president’s door.

Asked what would happen to Guatemala if the Cicig were to leave, Ms. Aldana paused to reflect and simply shook her head: “The truth is I just don’t know.” Then she adds: “I will say this, we are changing the country. At this point, there is no going back.”

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