

Roxana Baldetti listens to Otto Pérez Molina's speech during his inauguration. **Photo: elPeriōdico**

A fairy tale without a happy ending

OTTO PÉREZ MOLINA'S EQUANIMITY CAN'T HIDE A PRESIDENCY IN CRISIS

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The Dome Amphitheater was packed and rumbled with the applause of 7,500 guests, including members of the Patriotic Party, foreign dignitaries and Guatemala's elite.

It was January 14, 2012, and the crowds were there to welcome General Otto Pérez Molina, dressed impeccably in a blue Salvatore Ferragamo suit, and his running mate, Roxana Baldetti, as the country's new president and vice president.

No other incoming leader had taken the oath of office in such grand style, in a massive sports complex with thousands of witnesses. The last three presidents preferred the traditional and more modest Miguel Angel Asturias Cultural Center, named in honor of Guatemala's only Nobel laureate and built by one of the country's most celebrated architects in the shape of a seated jaguar. Pérez Molina was the first military officer to come to office since the signing of the 1996 peace accords and his followers were there to celebrate in style. In total, party expenditures would add up to more than \$1 million dollars, in purchases of white roses, daisies and fine meats and cheeses. Another \$40,000 dollars went to lodging guests. The opulence was everywhere. The vice president wore a tailored suit by Spanish designer Rosa Clará. The price tag for both the president and vice president's attires surpassed \$10,000 dollars, in a country where more than half of the citizens live on less than \$2 dollars a day.

Guatemala hoped for a different government under Pérez Molina, who won on an anticorruption campaign. But after 13 months in office, the president has failed to keep his promises.

The glamour clashed with Pérez Molina's close to 30-minute speech, which emphasized a sober vision of creating a more equitable country and rescuing its public institutions from corruption.

Internationally, the election of Pérez Molina was viewed as a step backwards for Guatemala. The former head of military intelligence, Pérez Molina had also been an instructor at the Guatemalan Kaibil School for special forces, which were linked to several massacres during the country's three-decade civil war. Placing ex-military officials, including hard line officers, back in power worried human rights observers. But for many Guatemalans, Pérez Molina was a moderate military officer, who supported the coup to overthrow the dictator General Efraín Ríos Montt in 1983, now on trial for genocide. He confronted President Jorge Serrano in 1992 when he tried to nullify the Congress in the style of Peru's former president Alberto Fujimori.

Pérez Molina, gray haired and with a dignified air, gave voters confidence. The center-right and the urban population in Guatemala elected him in response

to the corruption scandals that marred the administration of former president Álvaro Colom, the first center-leftist to be elected to office in 30 years with the participation of former guerrillas.

Pérez Molina's personality contrasted sharply with his vice presidential pick, Baldetti, a former Miss Guatemala contestant and spa owner. She catapulted into Guatemalan politics in 2000 when Pérez Molina paired up with her to create the Patriotic Party. She was elected to the Guatemalan Congress in 2004 and ensconced herself in anti-corruption campaigns in Congress. Today, Baldetti calls herself the mother of the Patriotic Party, which she helped create with alleged sleights of hand and intimidation, according to congressional sources. Baldetti is Guatemala's first female vice president. With a robust build and a deep voice, she is rumored to have a weakness for the latest cosmetic surgeries. She is also recognized in Guatemala as an unforgiving enemy. Both Baldetti and Pérez Molina worked for more than two decades to reach this political pinnacle. Neither could have obtained their present posts without each other. Their personalities are complementary and they make a perfect political couple. But the fairytale has quickly turned dark. Rumors of a relationship that goes beyond just business between the president and vice president have intensified. The vice president is known to throw jealous tantrums and slam doors when she gets angry with Pérez Molina. Often the presidential palace seems more like a dysfunctional home than a center of political decisions.

But the real tragedy of Guatemalan politics is more than squabbles between its two top officials. Since the signing of the peace accords that ended the civil war in 1996, politics in Guatemala have become among the most expensive in the region. Politicians have grown accustomed to seeking legal and illegal campaign donations that they must turn around and pay back in political favors by granting lucrative government contracts to former campaign contributors. President Colom's government collapsed under these circumstances. Two of his ministers went to jail for their involvement in embezzling public funds and abusing authority. Guatemalans had hoped that Pérez Molina would be different. He won on a campaign of anti-corruption and tough-on-crime policies. But in 13 months the promises have come unraveled. He and the vice president have been caught up in dozens of incidents that point to rampant cronyism, influence peddling and corruption that involves the country's airports, ports and its customs enforcement agency. The incidents have occurred in the awarding of contracts for state medicines, public works and even anti-poverty programs. The problem is so widespread that even an anti-corruption secretary created by the vice president was set up to attack Baldetti's political enemies and some of the ministers who were appointed against her will and are not in her inner circle.



Rosa Clará, the Spanish designer that specializes in wedding dresses, published the suit they made exclusively for the vice president on their Facebook page. Otto Pérez' suit and others he has used during his presidency were purchased at Damiana, a store along the U.S. 1 highway in Florida, according to close friends.

PRESIDENTIAL GAMES

The vice president has groomed herself into a sort of Guatemalan Evita Perón – she makes decisions without worrying whom she tramples over, and employs legal and administrative maneuvers to confront her enemies at every turn. Government critics have zeroed in on Baldetti's alleged corruption and "greed." In reality, sources say, she seems to be doing the dirty business in the government, but nothing happens without the consent of Pérez Molina. The vice president, according to various sources who asked not to be identified because fear of retaliation, has become a sort of Rasputin-like figure in the administration.

The president appears to serve as counterweight to her aggressions, soothing the egos of politicians and opponents.

Internationally, Pérez Molina has polished his reputation, building up credentials over the last year as a regional leader, and advancing a debate over decriminalizing and regulating the illegal narcotics market. His role in that debate has shrouded his government's abysmal anti-drug efforts. More than 80 percent of U.S.- bound cocaine goes through Guatemala, according to the State Department.

THE TRAIL OF CORRUPTION

Yet his calm demeanor can't hide what has become a presidency in crisis. In just 12 months, the vice president allegedly has created a web of corruption that has surprised even Guatemalans who have grown accustomed to governments that line their pockets by dipping into public coffers. Within weeks of taking office, Baldetti spent \$2,000 dollars of government funds to buy Swiss chocolates, French perfumes and Ron Zacapa Centenario, an expensive rum, for her office for private gifts. This small scandal was just the beginning of a long list of alleged abuses that have been aired in the press and spoken about in whispers in the halls of Congress and inside the presidential palace. The vice president's core group of moneygrubbing patrons includes Patriotic Party members and even childhood friends who have been given important cabinet posts where they can engage in influence peddling. There are even allegations that she has links to suspected money launderers identified by the Treasury Department of the United States.

AN OPPOSITION'S RESPONSE

Guatemalans have not remained silent. Congress-woman Delia Back is a member of the Renewed Democratic Liberty Party (LIDER), a political party that lost the last presidential elections to Pérez Molina by a small margin. She is Baldetti's fiercest enemy, her bete noire. A small-built woman, Back led her party's offensive against Baldetti, filing three lawsuits on corruption charges. A lower court held that the claims were unfounded and refused to continue with the cases. If allowed, the accusations would have been presented before the Guatemalan Congress, and the presi-

dent and vice president's immunity could have been lifted. And both could have been tried for corruption.

Back's party has appealed the court decision before the Constitutional Court, Guatemala's highest court.

Even with the lawsuits, accusations against congressional members or top government officials tend

INAUGURATION SPENDING

These are the spending reports of the 2012 presidential inauguration that Guatecompras, the contract and acquisition information system of Guatemala, received.



to have little political impact in Guatemala where politicians often use the court to air their political differences. Accusations are often filed before the courts with little evidence and most cases are dismissed. Back says she has plenty of evidence to support her lawsuit and she is optimistic about the outcome. But no matter what happens with this case, what is clear is that Baldetti's luxurious lifestyle does not reflect her income and modest background.

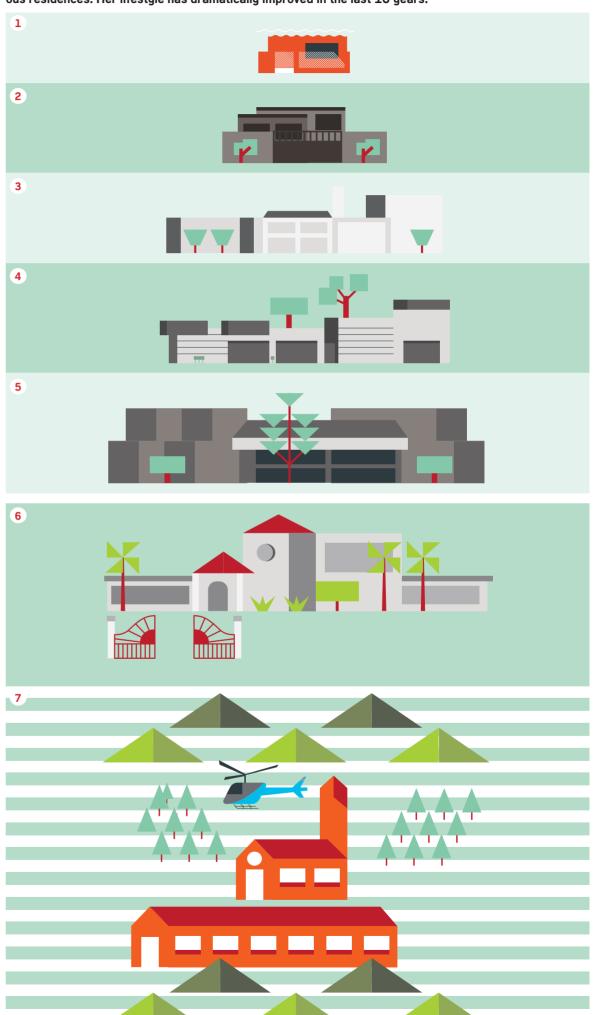
THE VICE PRESIDENT'S MILLIONS

The Colonia Primero de Julio is a working-class neighborhood in Guatemala City's Zone 19. Built in 1966, it was the first low-income housing project built by the Guatemalan government with an investment from the Inter-American Development Bank. Walking through the neighborhood you can see the architects' grand design. Trees and vegetation at the foot of a lush mountain surround the homes. But the architectural vision has been trashed. Today, the streets jutting near the mountains are littered with garbage and neighbors complain about robbers from poorer neighborhoods coming down the mountain to steal.

The paint on the cinderblock houses and narrow alleyways is fading and the walls are full of graffiti. One narrow alley stands out. It leads to a house freshly painted in orange – the color of the Patriotic Party – where Baldetti grew up. It was in this modest house where her mother, Gladys, lived until her death in January 2010. Baldetti never speaks of her father although some reports say he was the son of Italian immigrants. Baldetti's mother owned a beauty salon and supported her children on her own. Today, her neighbors recall Baldetti as a "beautiful and friendly" young girl. They complain that since she entered politics, she distanced herself from the neighborhood. When Doña Gladys died, her funeral was held at Funerales Reforma in Zone 9, a wealthier neighborhood far from where she had lived all her life. From these humble roots Baldetti is now the owner of a considerable fortune estimated around \$10 million dollars. She is said to own three houses in the capital's best neighborhoods, a vacation home in Puerto San Jose, on Guatemala's Pacific coast, and two farms in Tecpan, in the western province of Chimaltenango. "Life in Guatemala is to live and that's what I'm doing! Wild, young and free," her 22-year-old son Mario wrote on his Instagram account, which showed photos of his travels around the world. A series of posts portray a curious traveler who spent New Year's and carnival in Rio de Janeiro, mounted an elephant in India, and toured the United Kingdom and Italy, accompanied by a group of friends. He often flies aboard private jets apparently paid for by his mother, according to accounts from his friends. Gone are the days when the Baldetti family was on the brink of financial trouble. In the 1980s and 1990s they faced problems for nonpayment of a car loan and credit card debts, according to credit bureau records. Since being elected vice

FROM RAGS TO RICHES

In contrast to the home where she grew up, Vice President Roxana Baldetti has since lived in luxurious residences. Her lifestyle has dramatically improved in the last 10 years.



1. THE 1960s 4a. Avenida 11-58 Colonia Primero de Julio neighborhood, valued at \$25,000. The property is under Baldetti and her brothers' names, according to the public land registry known as the Registro de la Dirección de Catastro y Bienes. (Dicabi).



The family house, painted the colors of the Patriotic Party.



Narrow alley, leading to the family house.



Streets near the family home in the neighborhood, Primero de Julio.

2. THE 1990s allegedly her first home 2a Avenida B 3-50 Zona 8 de Mixco, Balcones de San Cristóbal, Mixco.



3. BEGINNING OF 2000 at the start of her political career Residencial Terra Vista Lote 11 Manzana F Sector 2, Fraijanes, is valued at \$250,000 dollars. Baldetti was sued twice for failure to make mortgage payments.



4. 2011 before assuming the vice presidency Calle de los Eucaliptos, kilometer 8.5, highway to El Salvador, was valued at \$1.2 million dollars. Allegedly Baldetti acquired the 10,000 square yards in front of this barre.



5. 2012 temporary home Vivienda 9a Calle Final 12-79 Zona 14, valued at \$1.2 million dollars.



6. 2007 vacation home Marina del Sur, Puerto de San José. The house on the beach, Salvador Gaviota, is valued at \$900,000. The Baldetti family spends their vacation at the two-story residence, with a pool and a ranch. There is a garden and a six-car garage. Baldetti bought the property from Ricardo de Jesús Barnoya Asturias with checks issued by different people and sent to his bank account for a total of \$439,195. A square yard (a bit more than a metro), goes for \$100.



7. 2011 ESTATE The la Montagna and la Colina estates, Tecpan, Chimaltenango are valued at \$3.7 million. The property originally was owned by Raúl Alfredo Jarquín Richeme. After his death, the property went to Cecilia Lopez Suntecún Dorina. Baldetti supposedly did not put the property under her name. In the pictures, Baldetti is seen with her family on the farm. The view is spectacular. A satellite photograph shows the extent of the terrain, work just finished in front of the farm and the helicopter landing.



Entrance of the Estate Tecpán, La Montagna.









View of the region near the estate.



Satellite view of Chimaltenango.



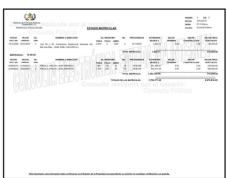
Satellite view of the estate.

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Land registry showing properties.



Baldetti's private helicopter, according to Delia Back's lawsuit.





Carlos Roberto Jarquín at a public event in Tecpán with Mario Paz, the vice president's husband.

president, Baldetti has lived with Mario and another older son in a stately mansion in Los Eucaliptos, one of Guatemala City's most upscale neighborhoods. The house is in an exclusive high-security compound that is home to many of the country's elite. The estimated value of her house is \$2 million dollars. She also recently acquired another home in Zone 14, valued at \$1.5 million dollars, which her children use as a second home, according to sources close to the presidential palace.

Her vacation homes are also grand. In Tecpan, Baldetti's family owns a country ranch with thoroughbred horses and a coffee farm. Another vacation home is in the exclusive beachfront resort of Juan Gaviota along the Guatemalan Pacific coast. Just in upkeep costs for the beach house, Baldetti's family spends about \$1,500 dollars a month, according to sources at the resort. This house cost almost half a million dollars in 2007, six times Baldetti's annual salary as a congresswoman at the time. During her years as a congresswoman, Baldetti lived in the Guatemala city development of Terravista, another luxurious compound located on the highway to El Salvador. That home is valued at \$ 250,000 dollars.

Baldetti travels to the beach and her farms aboard her private helicopter, a L'Ecuriel she bought for \$3 million dollars last year, as stated in a lawsuit filed against her in court. People close to the vice president say that the aircraft was a gift from a construction company owned by a family that is a high-level campaign contributor to the Patriotic Party. The company received \$41.2 million dollars in government pub-

lic work contracts during Baldetti's first year in office.

Similarly, the Tecpan farms were a gift from Fernando Jarquín, another alleged major campaign contributor to the Patriotic Party, according to sources in the region. Jarquin's family is still listed as owners of the property at the local property registry.

Jarquín is also one of the top suppliers of medicine to the state. In an interview with the local press on June 23, 2012, Jarquín denied ever making contributions to the party and said his relationship with Baldetti's government is strictly business-related. Baldetti swears that he did not donate a cent to the presidential campaign, and claims she barely knows him. But in 2012, Baldetti's first year as vice president, Jarquin sold medicine contracts worth \$62.5 million dollars to the government. That is half of what he sold in eight years to the previous two Guatemalan governments.

So much money The origins of Baldetti's wealth baffles many in Guatemala whose last four civilian governments, most notably former President Alfonso Portillo, have left office under the shadow of corruption. Portillo is wanted in the U.S. on charges of conspiring to launder about \$70 million dollars from the Guatemalan government to U.S.-based accounts. Asset declaration for government officials is not mandatory in Guatemala. But by simply adding up Baldetti's publicly known income in the last 10 years, something is amiss: Her total income over the last nine years as a congresswoman and vice president sums up to approximately \$500,000 dollars. But in the same period she accumulated properties worth a suspected value of \$13 million dollars.

Baldetti claims her wealth comes from her private investments, which include shampoo factories and a beauty salon. But a visit to her beauty salon found it had been sold to another owner and the factories were abandoned. Baldetti brags about her wealth. "I have a nice house on the beach and a lot of jewels and horses that politics hasn't paid for," Baldetti told a journalist, during the presidential campaign in 2011.

SUSPICIOUS INCOME

Off the record, friends and foes of Baldetti say the vice president has allegedly found multiple ways to profit from her position in government – especially through pay-offs for lucrative government contracts, including road projects, medicine supplies, and even fertilizer purchases. Her fortune allegedly is augmented through black market channels of contraband, as far away as Panama. Former Patriot Party members also say part of her wealth comes from campaign contributions she procured as a leader in the Patriotic Party. Campaign contributors are not required to make their gifts public in Guatemala and most contributors make those donations in cash, obscuring the web of influence money can buy in this small republic.

In her lawsuit, Congresswoman Back accuses the vice president of bribery, embezzlement and extortion. Documents presented to the court claim Baldetti allegedly received kickbacks for leasing property at the Port of Quetzal, Guatemala's largest Pacific port, to a private firm that will build a new port. Critics say the new port will be privately run and will make the old one obsolete. "I think any person looking for financial advice should look to her," said Mario Taracena, a congressman from the opposition Unidad Nacional de la Esperanza party, or UNE, when asked about Baldetti's wealth. "We have been earning the same salary and the number of properties she owns as compared with those I own are immeasurable."

Guatemala has always been a key transit hub in the international drug trade. During the civil war in the 80s and 90s, senior military officers controlled the routes and access used by international cartels. During his time in the military, Pérez Molina appeared to have stayed clear of the underworld, but many of his fellow officers made their fortune from the trade.

THE GUATEMALAN NARCOTICS "QUEEN OF THE SOUTH"

Baldetti's celebrated her 50th birthday at a cocktail party attended by members of her political party, President Pérez Molina and close friends. Among the arrivals, an unexpected guest turned up: Marllory Dadiana Chacon Rossell. She did not mingle with guests at the party, and preferred to greet Baldetti outside the house. Chacon Rossell is none other than the so-called "queen of the south," a woman who has rubbed elbows with upper class Guatemalans, but who the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC), singled out as a top money launderer in Guatemala last year. Baldetti has denied knowing her.

But a former influential military officer said the treasury's notice "sent a signal to the government of Otto Pérez Molina." Yet it was the case of William Abraham Lozano Bauer, a private pilot who was close to the president and vice president and whose flight company Aerocentro recently faced drug trafficking

Marllory Dadiana CHACON ROSSELL Drug Trafficking Organization January 2012

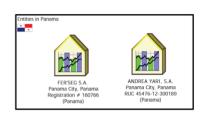


Marllory Dadiana CHACON ROSSELL DOB 4 Oct 1972 POB Guatemala City, Guatemala

U.S. Department of the Treasury Office of Foreign Assets Control Foreign Narcotics Kingpin Designation Act







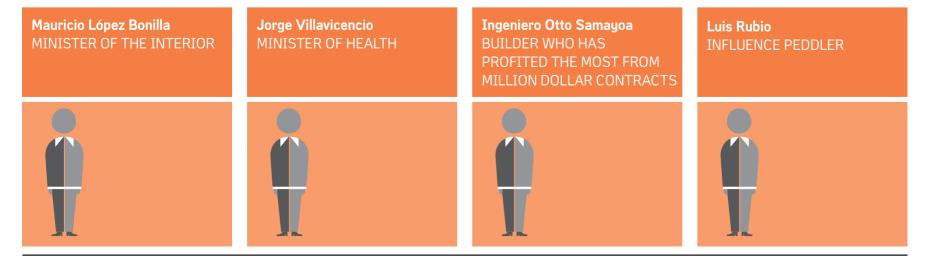
Flowchart of Chacon Rossell's organization, according to the Office Foreign Assets Control (OFAC).

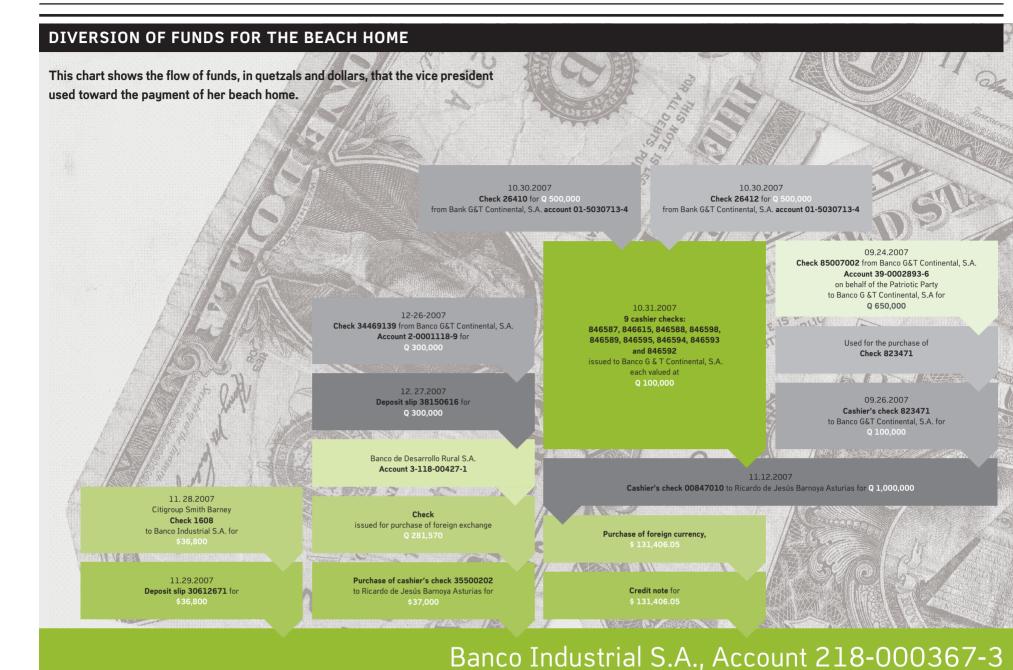
charges in Honduras, that tarnished the Guatemalan leaders' reputation the most.

Lozano was a campaign contributor to the Patriotic Party and during the presidential campaign he transported Baldetti and Pérez Molina around the country. In the first year of Pérez Molina's presidency, the political duo contracted 79 flights with his company. Lozano also served as a private pilot for Honduran President Manuel Zelaya and flew his family to Guatemala after the 2009 coup. When Zelaya decided to return to Honduras and take refuge in the Brazilian embassy to challenge the coup, Lozano flew him on a flight path that avoided Honduran radars. Last December, two of Aerocentro's pilots were arrested

CHILDHOOD FRIENDS

Baldetti's friends from Primero de Julio, a working-class neighborhood in Zone 19, have important positions, are influential and are in charge of government contracts.





EDITORIAL POVERTY IN GUATEMALA

The United Nation's Human Development Report, this year brought good news: an "emerging South." That means that traditionally underdeveloped countries have quickly advanced. Large economies (Brazil, China, Mexico, India) and small ones (Ghana, Rwanda, Mauritius and Thailand) have grown at a rapid pace and improved the living conditions of their inhabitants. These countries are responsible for almost half of the world's production and trade.

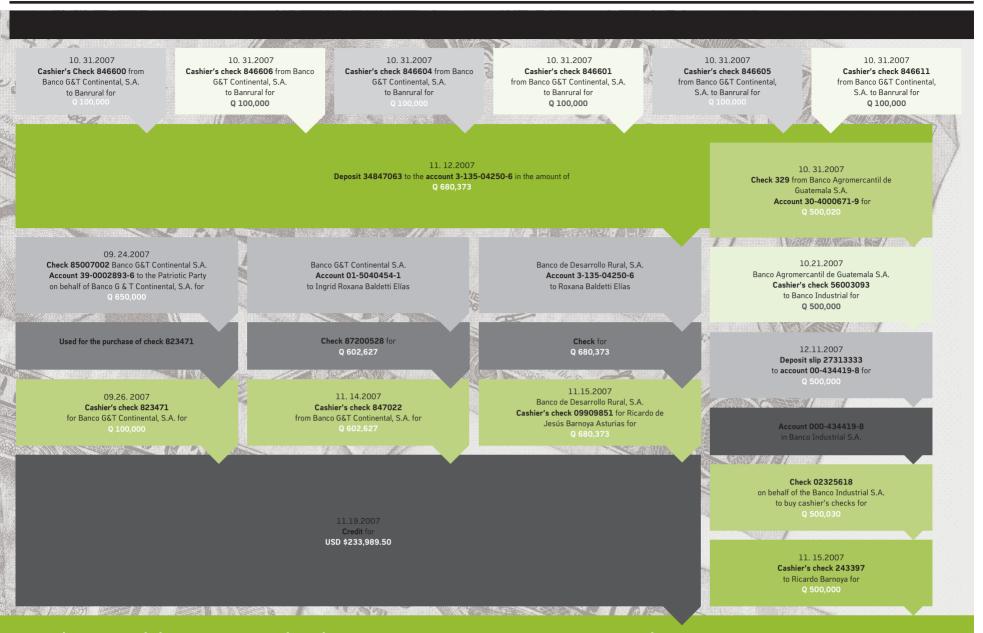
In a generation, Brazil lifted 22 million people out of poverty and China, even more, 500 million. The middle class has grown in the emerging South and now represents 58 percent of the world's middle class and by 2030, 80 percent of the world's middle class will live in these countries and be responsible for 70 percent of total

consumption. But Guatemala is not part of that good news. In the last year the country has fallen two positions on the global human development index: 133 out of 187 countries. That's to say we continue slipping backward toward being one of the most behind countries in the world. About half of the total population remains trapped in poverty and almost 30 percent in extreme poverty and severe poverty. Chronic malnutrition dims the horizon for children under five years old and the rate of maternal mortality and morbidity remains scandalously high. To eradicate the vast majority of diseases causing the death in vulnerable populations doesn't require medicine or hospitals, but a good sanitation system.

It's clear Guatemala won't reach the development goals that it has committed to includ-

ing eradicating extreme poverty and hunger, achieving full and productive employment, creating decent work for all, reducing the mortality of children under 5, improving maternal health, drawing down the incidents of last century's diseases and ensuring environmental sustainability, among others.

But the country is not unilaterally poor, but unevenly so. Guatemala is the most unequal country in the hemisphere and that takes it down 33 percent on human development index. The symbols of inequality are shocking: the highest concentration of persons that own jets, helicopters and luxury cars. The top quintile of the population has nearly two-thirds of the country's total income, and the lowest quintile barely 3.



Funds payable to Ricardo de Jesús Barnoya Asturias, the previous owner of the beach house.

The lack of economic competition and enjoyment of privileges via state patronage, like the rapid accumulation of cash from criminal and illicit activities, including drug trafficking, smuggling, money laundering, human trafficking and corruption, seriously accelerates the inequality gap, opening clients as a wide open channel to upward mobility.

In contrast, public spending in the social sectors is the lowest in Central America and extremely precarious in health and welfare, housing, and education, where in relation to the gross domestic product, spending has remained practically static over the past thirteen years, representing only 5 percent of the GDP.

INDEX OF POVERTY IN GUATEMALA, ACCORDING TO THE UNITED NATIONS

- One of every 10 Guatemalans are at risk of falling into poverty and extreme poverty.
- ▶ 14.5 percent of the population lives in extreme poverty.
- ▶ In 2013, Guatemala ranked 133 of 188 in the UN's Human Development Index.
- ► Life expectancy is 71.4 years of age.
- ▶ In terms of gender inequality, the country ranks 114 of 147 countries.
- For every 100,000 live births, 120 maternal deaths are recorded.
- ▶ Half of women over the age of 15 are part of the country's workforce.
- 17.4 percent of men over 25 years have completed high school.
- ▶ 12.6 percent of women have graduated from high school.
- ► Health spending accounts for 2.5 percent of gross domestic product (GDP)

SOURCE: 2013 HUMAN DEVELOPMENT REPORT

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Congresswoman Delia Back's lawsuit against the vice president.

on drug trafficking charges after Honduran police found amphetamine residue in a helicopter of the Aerocentro fleet.

LEADERSHIP IN THE GOVERNMENT

The vice presidential office in Guatemala wields a lot of power. Thus, when Baldetti took office, she was hailed for being the first woman to hold the post. Her election was expected to raise the status of women around the country. But instead of taking up pressing women's rights issues, the vice president immediately engaged in consolidating her power and clashing with other members of the president's cabinet.

In 13 months, she has effectively wrestled control of ministries that handle lucrative contracts, placing candidates who are loyal to her in key ministry positions, despite their questionable credentials. Promises to stop corruption not only have been forgotten, but they have been supplanted by outrageous sleight of hand techniques. No one could have imagined just how the political fairytale would have unraveled.

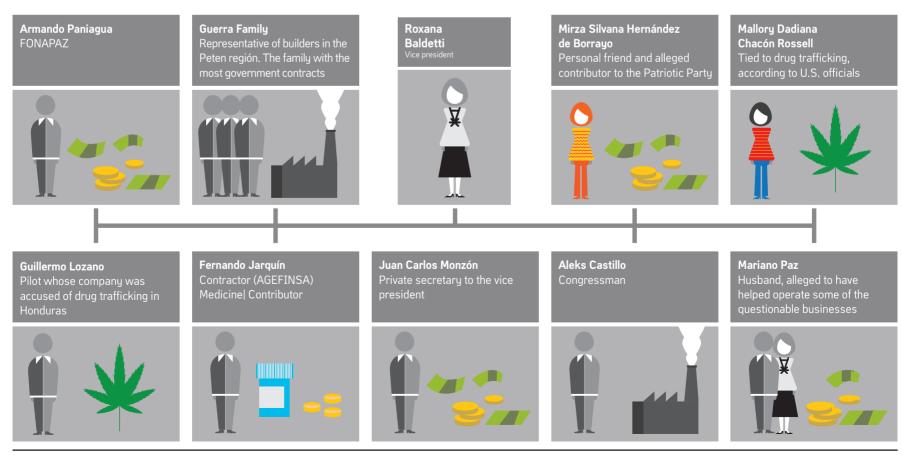
Efraín Medina is a highly respected academic and former rector of Guatemala's National University of San Carlos. After the election, Pérez Molina picked him as his minister of agriculture, despite objections from Baldetti who had other candidates in mind for the position. Baldetti's first challenge to Medina came early, according to sources close to the presidential cabinet. She ordered Medina to hire a man who was the best man at her wedding to be one of the top vice

ministers. Medina resisted because he did not think her candidate was qualified. But when he asked for support from Pérez Molina, the president said the appointment was not negotiable. Medina then focused on hiring other officials for the ministry and got Pérez Molina to approve his choices. But on the day of his team's swearing-in ceremony at the presidential palace, he had a surprise. Palace guards had orders to keep his candidates out. Another group of individuals selected by the vice president were ready to be sworn in. When Medina threatened to resign if that happened, Pérez Molina ordered Medina's team to be installed into office.

Instead of apologizing, Baldetti stormed out of the palace, declining to participate in the swearing in, according to sources who witnessed the scene. During Medina's tenure, the vice president fought to control purchasing contracts in the ministry, which has programs to serve subsistence farmers and other projects. In December of last year, Medina quietly resigned from office. Baldetti won the battle. Her best man was now a top ministry officer. In one of his first public mishaps, he was accused by the country's rice growers of paying more than \$100,000 dollars over the market price for grains that were distributed in a food program for the poor. Another minister who struggled with Baldetti was Francisco Arredondo, head of the health ministry, which also controlled lucrative government contracts. Arredondo resigned after two months citing health issues, although it is well known that he left because the

BALDETTI'S CIRCLE

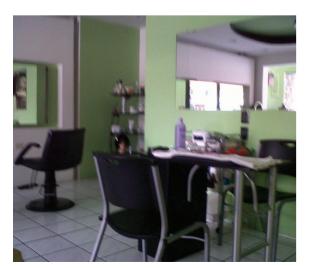
Those who surround the vice president include members of the Patriotic Party, childhood friends, contract beneficiaries and those whose appointments have ended with accusations of influence peddling and corruption. They are also suspected of being involved in money laundering, according to the Department of U.S. Treasury.



vice president wanted somebody from her inner circle in the ministry. She accused Arredondo of irregular purchase contracts, which in reality had been the work of officials in the Alvaro Colom administration. Baldetti tried to attack Arredondo by accusing him of embezzlement, but the charges didn't stick. The inner circle man who took over this key ministry was Jorge Villavicencio, a childhood friend of Baldetti who grew up with her in the working class neighborhood of Primero de Julio. Villavicencio was named to the post despite reports he left his previous position as director of Roosevelt Hospital, the national hospital in Guatemala City, under a dark cloud. Charges against him included 22 counts of stealing medical supplies and a wrongful death lawsuit between 2005 and 2006 when he was the hospital director. In January, Juan de Dios Aguilar, another Baldetti loyalist, was placed in a top post. Aguilar was named president of the board of directors of Guatemala's Social Security Institute, known as IGSS, a national health system that covers private and public employees and has an independent annual budget of \$2.5 billion dollars in bank deposits and investments. The director of the institution has access to millions of dollars in bank interests and is in charge of deciding on millions of dollars of government purchases of medicine.

Aguilar is a close personal friend of both Pérez Molina and Baldetti. He was to replace Luis Reyes Mayen, a technocrat who had been in charge of the organization since 2008 and whose position was not





Beauty salon in Zone 10, Sistema 3, that was the property of Baldetti before she was elected vice president.



Producers of audio and video, Ashara productions, S. A.



Factory Maorlis, S. A. The company produces shampoo and hair treatments.

to expire until September of this year. However, the board of the IGSS resisted the transfer, until Aguilar took over the installation in early April, accompanied by members of the presidency's secret service, and changed the locks on the previous president.

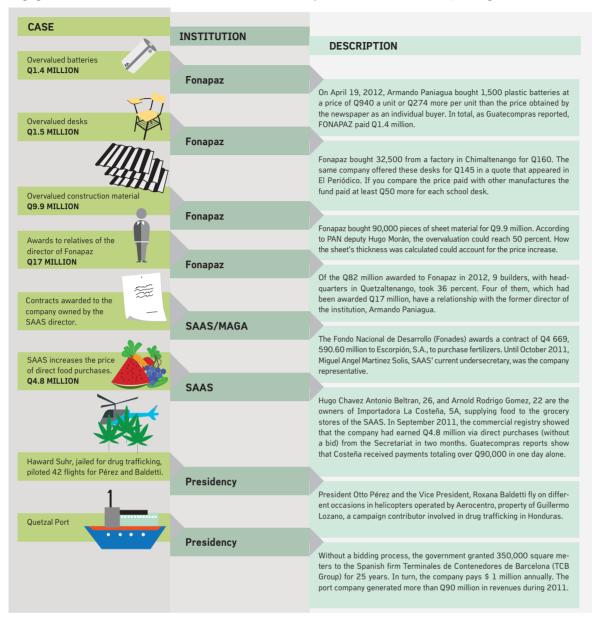
THE FOX IN CHARGE OF THE HENHOUSE

Placing loyalists in key positions is just one way Baldetti keeps political posts under her control. She has also created offices that helped move forward her personal agenda, like her own anti-corruption unit. The Department of Control and Transparency was founded a month after she took office and its stated goal was to investigate all alleged members of the administration and Congress for corruption.

"We want to prevent corruption," declared Baldetti in describing the new department. "Whatever public official does not comply with the standards of

TRACES OF CORRUPTION

Since taking over the presidency, Otto Pérez Molina's government has made questionable purchases and engaged in dubious institutional transactions with Fonapaz and the Quetzal Port, among others.



control and transparency won't be able to go home. Instead he will be in the courts answering to the public about the misuse of resources." The institution was the perfect weapon to attack her political enemies, according to congressional sources. The office pursued a select group of individuals, opponents of the Patriotic Party, while not touching the party faithful. The opposition sharply criticized Baldetti for creating an office that duplicated the work of the country's general auditor and a congressional commission on transparency. But the newly created department came crashing down when congresswoman Julia Maldonado, an opposition leader who filed three lawsuits against Baldetti, fought back. The anti-corruption department had accused Maldonado of diverting \$500,000 dollars from a youth government institute. Maldonado took the case before the Constitutional Court, alleging that the Department of Control and Transparency was illegal. The high court agreed and ordered its closure. But Maldonado's bold move cost her dearly. The vice president got the Guatemalan Constitutionalist

Court to remove the congresswoman's immunity and ordered her to go on trial for embezzlement. "There was interference in the judge's decision," said Roberto Villate, head of the LIDER's party in congress. Baldetti didn't give up. A few weeks after the court ruling on her agency, she created another body within the vice presidency. The Presidential Commission for Transparency and Electronic Government, known as COPRET, is directed by her and has the same functions as the now disbanded department.

Despite her calls for a crackdown on corruption, Bal-

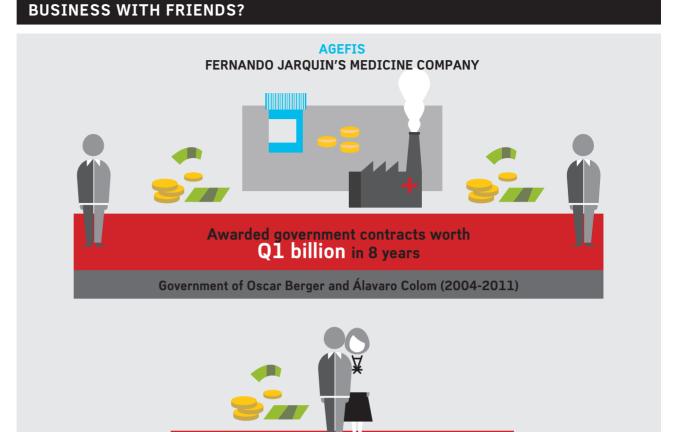
AN EARTHQUAKE UNRAVELS CORRUPTION

detti and her department ignored problems inside an anti-poverty program controlled by her office, known as the National Fund for Peace, FONAPAZ. The fund was closed down this year amid corruption charges. Irregularities at FONAPAZ had been obvious from the start, but it was a massive earthquake that revealed how its director, Armando Paniagua, a former military officer close to the vice president, had been misdirecting funds. On November 7 of last year, the small Central American country suffered a 7.0 quake that partially destroyed the city of San Marcos, 300 kilometers from the capital of Guatemala. Forty-two people died and thousands were left homeless. Part of the rescue plan was to replace some of the 10,000 houses severely damaged by the quake. FONAPAZ was in charge of carrying out the mandate. When FONAPAZ completed the homes, it announced they would be called the Baldetti Homes. The government program took advantage of the disaster and used the homes as political propaganda. The move didn't sit well with the public. Under pressure, Baldetti was forced to change the name, claiming she never knew they would be named after her. It all may seem like a minor affair. But what was not minor were the investigators' findings in FONAPAZ'accounting books. All types of purchases for the organization had been padded or the product specifications were altered to leave enough money for payoffs. In the first year of Baldetti's government, half of FONAPAZ's \$10 million dollar construction budget was awarded to construction companies with direct links to its director, Armando Paniagua, or supporters of the ruling party. FONAPAZ was shuttered in January of this year. Baldetti's detractors said the organization is perhaps the best example of how she used public works for propaganda and corruption. Yet despite FONAPAZ's closure the practice did not end. A local newspaper recently reported that municipal leaders from Guatemala's second largest city, Quetzaltenango, abandoned their political party and joined Baldetti's Patriotic Party. The article explained that it was the only way the leaders would get the construction of a market and a road in their community financed by government. The leaders were also required to support the vice president as general secretary of the party. In another country, the practice would have been considered illegal.

RISING ON THE INTERNATIONAL STAGE

The web of questionable dealings and troublesome actions by the vice president has not harmed Pérez Molina's reputation among Guatemalans who applauded the fact he was welcomed at the World Economic Forum in Davos. The president hobnobbed with some of the world's most important international players, like financier George Soros and Israeli President Shimon Peres. In Davos, Pérez Molina concentrated on the war against drugs. He argued for decriminalizing narcotics because Latin American countries don't have the capacity to fight wealthy, growing organized crime syndicates. But what he didn't reveal was that his own government was failing to comply with international antinarcotics' accords.

Since Pérez Molina took office, cocaine seizures have dropped 70 percent and amphetamine seizures have decreased by 91 percent. A year before he took office, there had been roughly 550,000 units of amphetamines seized. In Pérez Molina's first year, 13 units were confiscated. The Guatemalan president doesn't fit the typical rigid mold of a Latin American military man. He listens to complaints and praises impassively. Friends and enemies say you never quite know what he is thinking. Some have interpreted his silence as a sign of intelligence while other chalk it up to a remnant of his three decades in military intel-



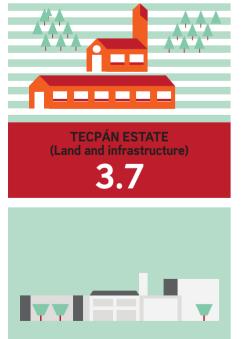
Awarded government contracts worth

Q 500 million over 13 months

Government of Otto Pérez Medina

ESTIMATED PROPERTY VALUE

Below, what Roxana Baldetti's properties are worth, according to experts TOTAL REAL ESTATE HOLDINGS IN MILLIONS OF U.S. DOLLARS

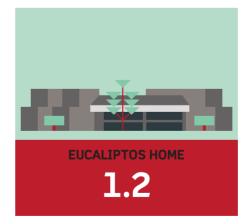


TERRAVISTA HOME

0.4











TOTAL: 13.4

ligence, where controlling reactions and emotions are crucial. Meantime, his new role on the world stage has served a dual purpose: to give him an international bully pulpit where he can create an image of a democrat despite his military credentials. "He has achieved what other Guatemalan presidents have failed to do," said a Guatemalan analyst.

Last year, his government's move to ratify Guatemala's joining the International Criminal Court was widely praised among human rights activists and bolstered his international credibility.

Though Pérez Molina's rise to power was interpreted differently domestically and abroad, what is clear is that he would never have ascended without the Patriotic Party. His earlier attempts to get ahead had always been cut short when other military officers with hardline credentials removed him from the game.

When he finally took office on January 2012, he was backed by a dozen or so retired military officers, almost all experts in intelligence and members of the military's last generation that fought in the civil war. Pérez Molina and the men were said to want to reform the national security policy and erase the perception that the army violated human rights. They saw themselves as military men who respected the Constitution. But Baldetti thwarted their efforts with her tight grip on the presidential bureaucracy. "They

are boycotted," said one political analyst close to Pérez Molina. " Many do not have access to the president."

AN INTIMATE POLITICAL RELATIONSHIP

The political duo, Baldetti and Pérez Molina, met in 1993 after a serendipitous confrontation. Baldetti was a press secretary for President Jorge Serrano Elias who was attempting to illegally dissolve the Congress and Supreme Court. She was in charge of censoring the media during the Elias confrontation. Pérez Molina was a young intelligence officer who led a group of soldiers – some now in his cabinet – that opposed the coup. In the end, Serrano was forced to resign and Baldetti was accused of stealing office materials from the pressroom. Pérez Molina was put in charge of Baldetti's case. But the charges against her were dropped without explanation. It was during this time that the two - he a young officer and she a charming former beauty contestant - formed the beginning of a lasting relationship that was solidified over the last 10 years. The Patriotic Party now reigns inside the presidential palace, where there is a growing fight for the president's attention. In recent months, friends close to Pérez Molina have tried to rescue the president's military roots and sway him away from the influence of Baldetti. But it's been an uphill battle. His intimate relationship with the vice president has not only hurt

his standing with his colleagues, but also caused friction with his wife, Rosita Pérez Leal, who grew up in a traditional military family and has strong connections within the military. "The wives of the military men backing Otto Pérez are similar to Doña Rosita," said one source close to the struggle inside the presidential palace. "They have started a pitched battle against the vice president, and their spouses and the president are in the middle. In the end the battle will be over corruption."



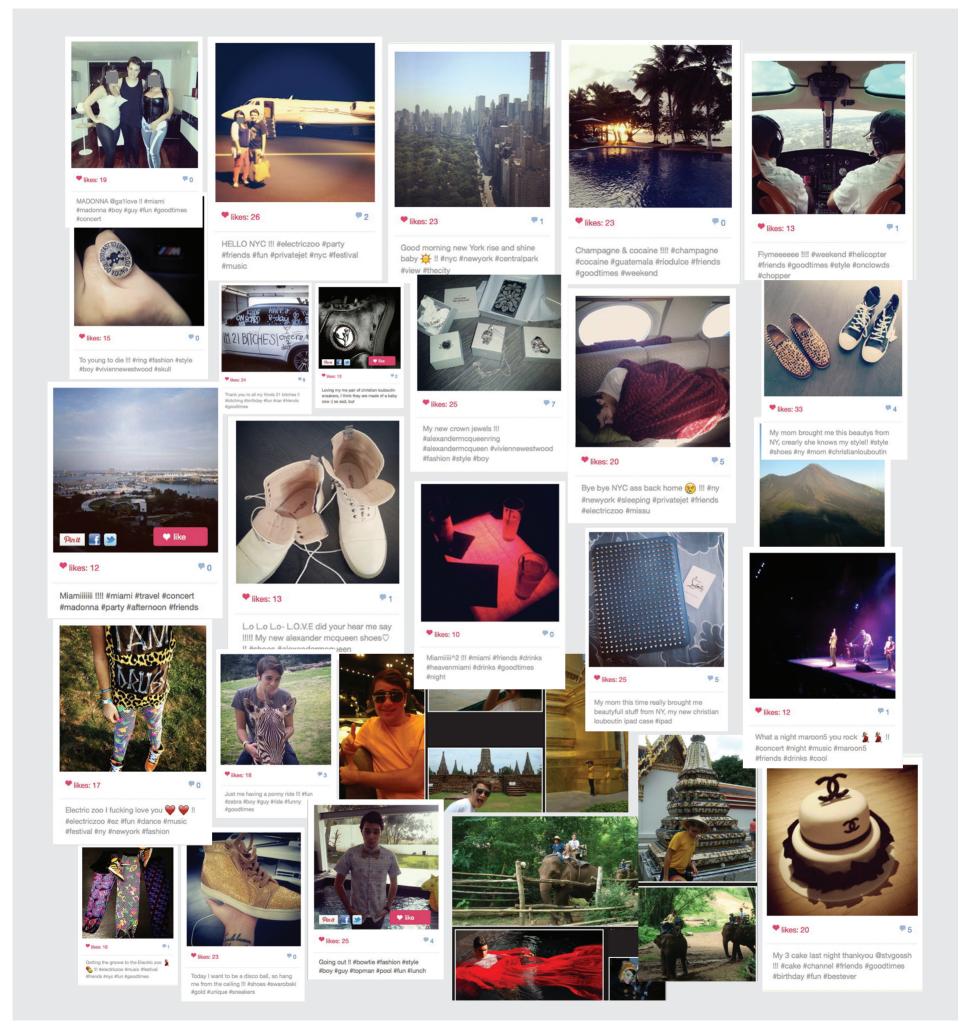




AN UNCOMFORTABLE FRIEND

The pilot Guillermo lozano Bauer, whose company Aerocentro has been accused of trafficking drugs in Honduras, was the official pilot during the presidential campaign flying the aircraft Bell407 with the registration N743Ph. Between 2011 and 2012, the president took 79 Aerocentro flights.

IOUR	PILOT AND LICENSE N	UMBER	PASSENGERS	DESTINATION	
4:30:00	Dani Medina	325	Roxana Baldetti		
7:00:00	Edgar Ponce	314041	Roxana Baldetti, César Hernández, Alex Castillo, Arturo Batres	Atitlán, Sta. Clara de la Laguna	
5:30:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	Cabaña Suiza	
:01:00	GUILLERMO LOZANO	2861251	Roxana Baldetti, Otto Pérez ,Olina	Campo de futbol Sta Catarina Pinula	
:50:00	GUILLERMO LOZANO	2861251	Alfredo Pimentel, Roxana Baldetti, Otto Pérez	Capellanía, Huehuetenango	
:15:00	Edgar Ponce	3140414	Roxana Baldetti, Carlos Hernández, Arturo Batres, Alex Castillo	Casillas, Santa Rosa	
00:00	Haward Suhr	2860258	Roxana Baldetti, César Hernández, Alex Castillo, Arturo Batres	Chahal A.V.	
:30:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Gustavo Martínez	Chimaltenango	
45:00	Edgar Ponce	3140414	Otto Pérez, Roxana Baldetti, Gustavo Martínez, Alfredo Pimentel	Chimaltenango	
30:00	Edgar Ponce	3140414	Otto Pérez Molina, Roxana Baldetti, Gustavo Martínez, Alfredo Pimentel	Chimaltenango	
00:00	Edgar Ponce	3140414	Roxana Baldetti, Francisco Cuguas, Carlos Hernández, Ándres Assier, Danilo Morales	Chimaltenango, SN Martín Jil	
30:00	Edgar Ponce	3140414	Otto Pérez, Roxana Baldetti, Eduardo Pimentel	Chinautla	
:30:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldeti, Alfredo Pimentel	Chiquimula	
00:00	Haward Suhr	2860258	Otto Pérez, Alfredo Pimentel, Roxana Baldetti	Fnca Bolivia, Suchi	
:45:00	GUILLERMO LOZANO	2861251	Roxana Baldetti, Otto Pérez, Alfredo Pimentel	Fnca La Ilusión, Canalitos	
:00:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Veronica García, Gustavo Martínez, Alfredo Pimentel	Hacienda Nueva San José Pinula	
6:00:00	Edgar Ponce	3140417	Otto Pérez, Roxana Baldetti, Gustavo Martínez, Alfredo Pimentel	Hacienda Nueva, San José Pinula	
6:30:00	Rafael Rottman	2645681	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	Hotel Cortijo Flores Antigua	
5:30:00	Haward Suhr	2860258	Otto Pérez , Alfredo Pimentel, Roxana Baldetti	Jutiapa	
5:30:00	Haward Suhr	2860258	Otto Pérez, Alfredo Pimentel, Roxana Beldetti	Jutiapa	
6:00:00	GUILLERMO LOZANO	2861251	Otto Pérez, Alfredo Pimentel, Roxana Baldetti	MGCB / Cobán	
5:30:00	Edgar Ponce	3140414	Roxana Baldetti, Arturo Batres, Raúl Macías, Laura Martínez	MGCB / Cobán	
8:00:00	GUILLERMO LOZANO	251	Roxana Balcetti, Arturo Batres, Alex Castro, César Hernández	MGHT / Huehuetenango	
6:30:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	MGJU	
6:00:00	Dani medina	325	Roxana Baldetti, Mario Paz Baldetti, Jorge Balcárcel, Cintya del Águila, Antonio Matías	MGQZ / Quetzaltenango	
4:30:00	Edgar Ponce	3140414	Roxana Baldetti	MGQZ / Quetzaltenango	
5:30:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	MGRT / Retalhuleu	
6:00:00	Edgar Ponce	3140414	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	MGRT / Retalhuleu	
5:45:00	Rafael Rottman	2645681	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	MGZA / Zacapa	
6:00:00	GUILLERMO LOZANO	2861251	Alfredo Pimentel, Otto Pérez, Roxana Baldetti	NEBAJ, Quiche	
0:00:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Gustavo Martínez	Olintepeque, QUuetzaltenago	
1:30:00	Rafael Rottman	2645681	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	Palin,ESC	
0:15:00	GUILLERMO LOZANO	2861251	Otto Pérez, Roxana Baldetti, Gustavo Martínez, Alfredo Pimentel	Salama Baja Verapaz	
6:00:00	GUILLERMO LOZANO	2861251	Otto Pérez, Alfredo Pimentel, Roxana Baldetti	Salama Baja Verapaz	
0:00:00	Edgar Ponce	3140414	Otto Pérez, Roxana Baldetti, Walter Zepeda, Anotnio Solano	San Delfonso, MGHT	
7:40:00	Edgar Ponce	3140414	Danilo Morales, Roxana Baldetti, Francisco Cuevas, Carlos Hernández, Andrés Assler	San José Poaquil, Chimaltenango	
2:00:00	Haward Suhr	2860258	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	Santa Rosa, Barberena	
0:00:00	Edgar Ponce	3140414	Otto Pérez, Roxana Baldetti, Alfredo Pimentel	Sololá	
3:45:00	GUILLERMO LOZANO	2861251	Roxana Baldetti	Tecpán, Chimaltenango	
4:00:00	Edgar Ponce	3140414	Roxana Baldetti, Mariano Paz, Mario Paz	Tecpán, Chimaltenango	
2:00:00	GUILLERMO LOZANO	2861251	Roxana Baldetti, Mariano Paz, Mario Paz, Luis Paz	Tecpán, Chimaltenango	
8:00:00	Ramón Rodríguez	5670226	Roxana Baldetti, Mario Paz, Luis Pedro Paz	Tecpán, Chimaltenango	
5:45:00	GUILLERMO LOZANO	2861251	Otto Pérez , Roxana Baldetti, Alfredo Pimentel	Tucuru, Alta Verapaz	



Mario, Baldetti's 20-year-old son, appears to have traveled in a private jet to exotic locations such as Thailand, Cambodia, and Rio de Janeiro. All this is known via his photos and messages posted on instagram, which until recently was public. Flying on a private jet costs \$2,500 to \$4,400 dollars per hour, plus landing charges and the cost of lodging for the crew. The lifestyle of Baldetti's son, which is financed by the vice president, is extravagant. On instagram, he boasts of having stayed at the Trump Tower and the same hotel where socialite Kim Kardashian was at in Rio de Janerio.

