

Top Peruvian businessmen arrested in Odebrecht bribery scandal

Cesar Uco**14 December 2017**

At 4:00 in the morning on Monday, December 4, Judge Richard Concepción issued warrants for the arrest of five of Peru's most powerful business executives: José Graña Miró Quesada (former board chairman of Graña y Montero—GyM), Hernando Graña Acuña (former director of GyM), Gonzalo Ferraro (former CEO of GyM), Fernando Camet (president of JJ Camet) and Fernando Castillo (managing director of ICCGSA).

The businessmen are all charged in connection with the massive bribery scandals involving the Brazilian construction giant Odebrecht. These scandals, which were first exposed in Brazil's "Lava Jato" corruption probe surrounding that country's state-run energy conglomerate Petrobras, have since implicated governments throughout Latin America.

The businessmen are accused of crimes of collusion and money laundering in connection with a \$20 million bribe allegedly paid to Peru's fugitive former president, Alejandro Toledo. GyM is charged with coming up with \$15 million of the bribe money paid to secure lucrative highway projects.

Four of the five arrived at the court in handcuffs. Afterward, four of them were transferred to the maximum security prison in Piedras Gordas to serve 18-month sentences of preventive detention while prosecutors prepare their case. Ferraro was placed under house arrest because of his health. If convicted, they could face sentences ranging as high as 11 years in prison.

Judge Concepción based his decision on "the statement of Jorge Barata—Odebrecht's man in Latin America, the minutes of the shareholders' meeting of the consortiums that built the Interoceanic Highway, the distribution of profits for additional risks and the effective payments made by Odebrecht," reported the

Peruvian daily *La Republica*.

The arrests represent a significant turn in the largest bribery investigation in the history of Latin America because the charges are directed against the most powerful families of the Peruvian bourgeoisie.

In Peru, the Odebrecht corruption scandal has intersected with the endemic national corruption stemming from the economic model adopted in April 1993 by President Alberto Fujimori—today imprisoned for crimes against humanity—when he executed a coup d'état, dissolving Congress and rewriting the constitution to favor private investment, both foreign and national. Neoliberal free market policies were imposed, based on selling off public enterprises to the capitalist class and transferring the exploitation of natural resources to transnational companies.

The Fujimori constitution also gave capitalist employers free rein to eliminate collective bargaining agreements with the trade unions, using third-party "outsourcing" instead in order to slash salaries and eliminate benefits such as medical insurance and vacations that workers are entitled to by law.

The Odebrecht scandal has played an increasing role in deepening Peru's economic and political crisis, with everyone from the country's president, the Wall Street-connected Pedro Pablo Kuczynski (PPK), to the right-wing Fujimorista opposition and sections of the so-called left under investigation.

The Peruvian economy, which is totally dependent on the exports of minerals to China and other countries, has been severely affected by the Odebrecht scandal.

It is estimated that 100,000 construction workers lost their jobs in 2017 as result of a ripple effect resulting from paralyzed projects involving Odebrecht and GyM, its main Peruvian partner.

There are another 40,000 workers' families—directly

linked to Odebrecht—in danger of losing their livelihoods. Furthermore, a new law passed by Congress limits pension contributions to 5 percent for companies implicated in corruption. This will have an adverse effect on the private pension fund (AFP) of the 26,000 GyM employees.

The Lava Jato Commission of the Peruvian Congress has ongoing investigations involving three former presidents, as well as the former Lima mayor, Susana Villaran, who was supported by the Peruvian pseudo-left.

Also implicated is Veronika Mendoza, the former presidential candidate of the bourgeois “left” Frente Amplio coalition. Mendoza, who began her career in the apparatus of the Nationalist Party of the now-jailed former president Ollanta Humala, is being investigated for having written a bank account number in the agenda of Humala’s wife, Nadine, who, like her husband, is serving an 18-month sentence of preventive detention.

President Kuczynski has admitted to being an advisor on projects in which Odebrecht was involved. Three of these projects were negotiated when he was a minister in Toledo’s government—the Olmos 1 and 2 land irrigation projects to divert water to agribusiness, and the Interoceanic highway. In each case, other construction companies were eliminated from the bidding process, ensuring that Odebrecht was the only firm left.

In addition to the president being implicated in corruption and cover-up, leading to demands for his resignation, there have been demands for his US-born wife, Nancy Lange, to be brought before the Lava Jato Commission. According to the television news program *Cuarto Poder*: “The first lady was a partner of the Latin American Enterprise Capital Corporation, founded by PPK and his partner, the Chilean magnate Gerardo Sepulveda. This company has the same address in Miami as First Capital, owned by Sepulveda, which between 2005 and 2006 advised Odebrecht projects in Peru.”

In another development, Keiko Fujimori, the leader of the right-wing Fuerza Popular (FP) party that controls Congress, has protested government raids at two FP headquarters last Thursday. The raids were carried out as part of the investigation into Keiko Fujimori for money laundering that was launched after a note was found written by Marcelo Odebrecht, head

of the Brazilian construction company bearing his name, saying “raise Keiko to 500 and pay a visit.” Under questioning by Peruvian prosecutors, Odebrecht confirmed that money was given to Keiko Fujimori and her 2011 campaign. Three laptops and several hard drives, along with other documents, were confiscated in the raids.



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