

Leaked tapes confirm collusion of Peruvian justice system with drug cartels and state corruption

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A new state corruption scandal has shaken Peru in recent months, this time involving a vast network of judges, prosecutors, attorneys and other high-ranking personnel in the justice system. Many of them have been caught on tape negotiating bribes with businessmen, congressmen and others in exchange for light sentences, the stonewalling of investigations, the complete rescinding of verdicts or other favors.

The new scandal is yet another blow to a political and state establishment already massively discredited after the revelations of the *Lava Jato* scandal, which implicated politicians in Peru and throughout Latin America in bribes and payoffs from Brazilian corporations, including former president Pedro Pablo Kuczynski, who was forced to resign in March.

His successor, President Martin Vizcarra, last month announced in his Independence Day message to the nation a plan for referendums, one of which proposes the reform of the justice system, specifically the National Council of Magistrates (Consejo Nacional de la Magistratura, CNM), the state entity tasked with appointing judges and prosecutors throughout the country. The measure is aimed at assuaging rising popular anger against the government.

The leaked tapes stem from an investigation prosecuted by the Organized Crime Unit of Callao, a “constitutional province” inside the capital of Lima that includes the country’s most important maritime port for exports and imports. It is also the epicenter for the trafficking of cocaine to Europe and the US; an illegal and extremely lucrative enterprise that binds together local drug gangs, corrupt port officers and, as the scandal has revealed, Callao’s judiciary system.

Corruption cases and high levels of crime—due to drug gangs—had already left their mark on the province’s recent history. Two former Callao mayors—Alex Kouri and Felix Moreno—are behind bars and face trials for embezzling and bribes.

The Organized Crime Unit was investigating a drug gang known as “Castañuelos del Rich Port” for its connection with a well-known drug lord, Gerson “Caracol” Galvez, whose prison sentence was abruptly and suspiciously nullified in 2014. There were reports that such was his dominion over Callao that he offered to the Ministry of Justice to stop local gang turf wars in the province in exchange for his release from prison.

The Unit discovered through wiretapping that “Caracol” was the link between the “Castañuelos” and the justice system in Callao. They solicited a wider wiretapping of the gang’s lawyers and confirmed that they were bribing Callao judges. Soon the wiretapped conversations of the judges, attorneys and advisors made it so abundantly clear that Callao’s judiciary system was a platform for obtaining favorable sentences and beneficial public offices in return for money and other favors that the Unit shifted the investigation’s focus to Callao’s justice system and renamed it the “Port’s White Collars.”

As they were reviewing the wiretaps, it became clear that Callao’s Supreme Court Justice Walter Rios was the main decision-maker inside the justice system. Recordings of his conversations with Supreme Court member Cesar Hinostroza—a major figure in the country’s legal system—indicated that the two were accomplices, thereby expanding the scope of the investigation into Peru’s entire judicial system.

Then on July 7, *IDL Reporteros*, a team of independent online reporters, began to publish on its web site leaked audios from the investigation.

Rios’ audios give a taste of the corrupt mentality provided by a position of immense power: he demands that state cleaning workers go to his home and do seemingly unpaid labor, and that “attractive ladies” be assigned to one of his work trips, all the while verbally abusing his close subordinates. In the audio that prompted his eventual arrest, he boasts to his driver—and collector—about the valuable

bribes he is receiving.

Rios was arrested on July 15 and is serving 18 months of preventive detention. Hinostrroza was suspended from his duties as a Supreme Court member, and, although the State Attorney's office presented to Congress a petition to charge him, he has been defiant and claimed he's done nothing wrong; even when one of the leaked audios—in which he favored the release of a presumptive child rapist—caused public outrage.

Another principal accomplice and benefactor of a relationship with Rios was automobile businessman Antonio Camayo. He had lucrative car contracts with the judiciary when Rios was in office and seemed to have been a link between Rios, Hinostrroza and the right-wing party Fuerza Popular (FP) that has controlled Congress with 66 seats. In one audio, Camayo asks Hinostrroza for a meeting with “Madame K of the number one Force”. This is a clear allusion to FP and its leader Keiko Fujimori. Her claim that she was not “Madame K” was treated by the population with skepticism and mockery.

Camayo was arrested along with others in a raid against the “White Collars” the night of July 29, one day after Vizcarra delivered his message to the nation proposing the referendums.

In a conversation with Hinostrroza, Camayo claimed that he could serve as an intermediary with President Vizcarra himself. He had already visited Prime Minister Cesar Villanueva as part of a delegation from the National Society of Industries. Vizcarra denied having ever met him, and the media did not investigate further. This is part of their attempt to promote Vizcarra—a previously unknown politician—in order to secure the stability of his presidency.

When an audio surfaced that showed an amicable relationship between Hinostrroza and Minister of Justice Salvador Heresi, President Vizcarra himself solicited Heresi to resign via Twitter, which he accepted “in order that the President can lead the reform of justice.”

Other audio shows Edwin Oviedo, chairman of the Peruvian Federation of Football, offering Hinostrroza tickets for World Cup matches in Russia, where Peru's team played. Oviedo is also the owner of a sugar business located in the northern region of Lambayeque, and local attorneys have accused him of ordering the murders of two sugar workers' leaders. Oviedo's gifts to Hinostrroza hints that the Supreme Court member was delaying the investigation, the attorneys charged.

High-ranking members of the country's judiciary began to resign as new audios surfaced every day linking them in one way or another to either Rios or Hinostrroza. Even the state attorney had to be supplanted by a new one—Pedro Chavarry, who declared that he had no connection whatsoever to Rios

or Hinostrroza. Then IDL presented audios of him talking to both of them.

Jose Domingo Perez, an anti-money-laundering attorney, publicly criticized Chavarry's nomination, labeling him “unethical.” Furthermore, as part of the legal delegation sent to Brazil for questioning Jorge Barata—Odebrecht's top operative in Peru—over the construction giant's bribing of former presidents, he revealed that his superiors had deliberately hindered this investigation. He claimed that one of them forbid him asking Barata who was the man behind the initials “AG” on one of his bribing notebooks. The initials are, of course, the same as those of former president Alan Garcia who, during his second government of 2006-2011, granted Odebrecht their most overpriced construction contracts in Peru.

Perez also claimed that after he ordered a raid into the offices of the *fujimorista* FP (whose leader Keiko Fujimori is also accused of receiving money from Odebrecht) he was told by the former state attorney: “You don't know who you are dealing with.”

Both Garcia and Fujimori have massive influence within Peru's judiciary. Garcia during his last government replenished the justice system's top posts with members from his party, while Fujimori's influence comes from being the “number one force” in having major businessmen inside her party's ranks and enjoying the sponsorship of most of the entrepreneurial circle.

It is precisely Hinostrroza's intervention in annulling two cases that could gravely damage FP that explains his survival thus far. Last year, he issued a procedural resolution which stopped an investigation into alleged money laundering by Joaquin Ramirez—the FP's former general secretary. He likewise accepted a legal appeal by Fujimori over another investigation of her alleged money laundering. It is Congress—dominated by FP—that has the power to override any legal accusations against him.



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