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Manhattan U.S. Attorney Announces Extradition Of Former President Of Guatemala, Alfonso Portillo, On Money Laundering Charge

FOR IMMEDIATE RELEASE

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Preet Bharara, the United States Attorney for the Southern District of New York, Michele M. Leonhart, Administrator of the Drug Enforcement Administration, and Toni Weirauch, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation ("IRS-CI"), today announced the extradition of ALFONSO PORTILLO, the former President of Guatemala, who is charged with conspiring to launder millions of dollars he embezzled from the Government of Guatemala through bank accounts located in the United States. Portillo arrived in the Southern District of New York last Friday and will be presented today before U.S. District Judge Robert P. Patterson.

United States Attorney Preet Bharara said: "After three years of fighting his extradition, Alfonso Portillo has finally arrived in the United States to answer for his alleged misappropriation of millions of dollars intended for the benefit of the people of Guatemala and which he laundered through United States banks. Our ability to hold him to account for his alleged criminality and corruption is the result of the unrelenting commitment and dedication of our prosecutors and our law enforcement partners in both the United States and Guatemala."

DEA Administrator Michele M. Leonhart said: "Former President Portillo has been extradited to the United States for violations of money laundering. In his role as President, Mr. Portillo used our banking system to launder illegal proceeds, which is a violation of law that DEA will always aggressively investigate. Thanks to the work of many in law enforcement and DEA's strong and cooperative relationships with the Guatemalan government, Mr. Portillo will now face justice in a U.S. courtroom."

IRS-CI Special Agent-in-Charge Toni Weirauch said: "IRS-Criminal Investigation is dedicated to working with our law enforcement partners and sharing our financial investigative expertise to combat and disrupt criminal organizations and individuals that commit crimes against our society and the world economy, including international money laundering. To that end, we are a proud participant in the DEA's New York Organized Crime Drug Enforcement Strike Force. These money laundering allegations are truly international in nature, as the American financial system was misused and harmed in the concealment of money embezzled from the government of Guatemala and ultimately, its people."

According to the Indictment previously unsealed in Manhattan federal court:

PORTILLO served as the President of Guatemala from January 14, 2000, to January 14, 2004. In that capacity, he embezzled tens of millions of dollars in public funds, a substantial portion of which he laundered through American and European bank accounts.

PORTILLO misappropriated public money in at least three different ways:

First, in 2000 and 2002, PORTILLO embezzled approximately \$2.5 million dollars provided by the Government of Taiwan's Embassy in Guatemala. In 2000, the Taiwanese Embassy issued three checks totaling \$1.5 million, drawn upon a New York bank account created for the purpose of funding a Guatemalan program designed to purchase books for school libraries, Bibliotecas Para La Paz ("Libraries for Peace"). PORTILLO endorsed these checks and caused them to be deposited in a bank account in Miami, Florida. None of the money from the Government of Taiwan was applied towards the Libraries for Peace program; almost \$1 million of the donation was ultimately diverted, through a series of transactions and transfers intended to conceal the source and origin of the funds, to bank accounts in the name of PORTILLO's former wife and daughter at Banco Bilbao Vizcaya Argentaria ("BBVA") in Paris, France. The money transferred into the BBVA Accounts was further laundered through financial institutions in Luxembourg and Switzerland, among other places.

Second, in 2001, PORTILLO embezzled approximately 30 million Quetzales (equivalent at that time to approximately \$3.9 million) from the Guatemalan Ministry of Defense. PORTILLO arranged for this money to be delivered to one of Guatemala's national banks, Credito Hipocaterio Nacional ("CHN"), to which PORTILLO had previously appointed a co-conspirator ("CC-1") as the bank's president. With the assistance of CC-1, PORTILLO directed the disbursement of the military funds to, among other things, finance a private land deal, disguise a loan to an associate, and issue checks to a company controlled by another co-conspirator. That co-conspirator then transferred a portion of that money to the BBVA accounts controlled by PORTILLO's former wife and daughter through a Miami bank account.

Finally, from approximately 2000 through 2003, PORTILLO misappropriated funds from the publicly financed reserves of CHN. PORTILLO and his co-conspirators created overdrafts in CHN accounts belonging to companies established by CC-1 and other co-conspirators. Through the use of these overdrafts, PORTILLO and his co-conspirators withdrew and transferred money from CHN accounts in excess of the accounts' otherwise existing balances. PORTILLO used these overdraft withdrawals and transfers to purchase, among other things, various personal items -- including expensive watches and cars -- for himself and his associates. On other occasions, PORTILLO and his co-conspirators used the overdrafts on CHN accounts to transfer and launder funds into business and personal accounts, maintained in the United States and elsewhere, belonging to co-conspirators. Relying on the CHN overdrafts, PORTILLO also transferred money to help prop up two failing banks that were principally owned by a close associate and political supporter of PORTILLO's, Banco Promotor and Banco Metropolitano.

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If convicted of the money laundering conspiracy count with which he is charged, PORTILLO, 61, faces a maximum term of 20 years in prison and a maximum fine of the greater of \$500,000, or twice the value of the monetary instruments or funds involved in the money laundering transactions.

Mr. Bharara specifically thanked the DEA's New York Organized Crime Drug Enforcement Strike Force -- which is comprised of agents and officers of the DEA, the New York City Police Department, Immigration and Customs Enforcement's Homeland Security Investigations, the New York State Police, IRS-CI, the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Secret Service and the U.S. Marshals Service -- the Department of State, and the U.S. Department of Justice's Office of International Affairs for their work in this investigation. Mr. Bharara also recognized and thanked the United Nations Commission Against Impunity in Guatemala ("CICIG"), the Guatemalan Special Prosecutor's Office for the CICIG, and the Ministerio Público in Guatemala for their assistance in this investigation.

This prosecution is being handled by the Office's Terrorism and International Narcotics Unit.

Assistant United States Attorneys Rachel Kovner and Adam Fee are in charge of the prosecution.

The charge contained in the Indictment is merely an accusation and the defendant is presumed innocent unless and until proven guilty.

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