

U.S. DEPARTMENT OF THE TREASURY

Treasury Sanctions Paraguay's Former President and Current Vice President for Corruption

January 26, 2023

WASHINGTON — Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned **Horacio Manuel Cartes Jara (Cartes)**, the former President of Paraguay, and **Hugo Adalberto Velazquez Moreno (Velazquez)**, the current Vice President, for their involvement in the rampant corruption that undermines democratic institutions in Paraguay. OFAC is also designating Tabacos USA Inc., Bebidas USA Inc., Dominicana Acquisition S.A., and Frigorifico Chajha S.A.E., for being owned or controlled by Cartes. These individuals and entities are being designated pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act and targets perpetrators of serious human rights abuse and corruption around the world.

"Treasury is committed to addressing systemic corruption around the world, even in its most entrenched forms and at the highest levels of public office," said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. "Today's action exposes the endemic corruption undermining Paraguayan democratic institutions and highlights the pressing need for the Government of Paraguay to act in the best interest of its citizens, not line the pockets of its political elites."

Today's action follows the visa restrictions imposed on Cartes and Velazquez in 2022 under Section 7031(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2022, supporting a whole-of-government approach to combatting corruption and illicit finance.

TARGETING CORRUPTION AT THE HIGHEST LEVELS OF PARAGUAYAN GOVERNMENT

Horacio Cartes



Cartes engaged in corruption before, during, and after his term as President of Paraguay.

Cartes' political career was founded on and continues to rely on corrupt means for success. He joined the Colorado Party in 2009, providing financial investments and incentives to induce the party to eliminate its 10-year length-of-affiliation requirement to enable him to run as the party's presidential nominee. Cartes paid party members up to \$10,000 each to support his candidacy ahead of the 2013 elections. While President of Paraguay, Cartes continued his corrupt schemes, including making cash payments to officials in exchange for their loyalty and support. He maintained his grip on policymaking through monthly cash bribes paid out to loyal legislators; payments ranged from \$5,000 to \$50,000 per member. Cartes ensured the effectiveness of this scheme by terminating payments to legislators who failed to carry out his orders.

In 2017, Cartes pledged \$1 million of his own wealth to buy the votes of legislators to support his unsuccessful push for constitutional reform to allow him to run for a second term in 2018. Cartes continued to influence legislative activities after leaving office, targeting political opponents, and bribing legislators to direct votes in his interest, with top supporters receiving as much as \$50,000 monthly.

Cartes is being designated pursuant to E.O. 13818 for being a foreign person who is a current or former government official, or a person acting for or on behalf of such an official, who is responsible for or complicit in, or has directly or indirectly engaged in corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

OFAC is also designating four entities, **Tabacos USA Inc.**, **Bebidas USA Inc.**, **Dominicana Acquisition S.A.**, and **Frigorifico Chajha S.A.E.**, pursuant to E.O. 13818 for being owned or controlled by Cartes.

Concurrent with this action, OFAC is issuing two general licenses, [GL 5](#)  and [GL 6](#) , authorizing, respectively, certain transactions related to Frigorifico Chajha S.A.E. and the wind-down of transactions involving any entity 50 percent or more owned by Cartes through 12:01 a.m. eastern standard time, March 27, 2023, as well as associated FAQs [1111](#) and [1112](#).

Hugo Velazquez

Velazquez, the current Vice President of Paraguay, has also engaged in corrupt practices to interfere with legal processes and protect himself and criminal associates from criminal

investigations, including by bribing and threatening those who could expose his criminal activity.

Cartes and Velazquez both have ties to members of Hizballah, an entity designated by the U.S. Department of State as a Foreign Terrorist Organization and the target of multiple OFAC designations. Hizballah has regularly held private events in Paraguay where politicians make agreements for favors, sell state contracts, and discuss law enforcement efforts in exchange for bribes. Representatives of both Cartes and Velazquez have collected bribes at these meetings.

Velazquez is being designated pursuant to E.O. 13818 for being a foreign person who is a current or former government official, or a person acting for or on behalf of such an official, who has engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any designated person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the SDN List, but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC's Frequently Asked Question 897 [here](#). For detailed information on the process to submit a request for removal from an OFAC sanctions list, please click [here](#).

GLOBAL MAGNITSKY

Building upon the Global Magnitsky Human Rights Accountability Act, E.O. 13818 was issued on December 20, 2017, in recognition that the prevalence of human rights abuse and corruption that have their source, in whole or in substantial part, outside the United States, had reached such scope and gravity as to threaten the stability of international political and economic systems. Human rights abuse and corruption undermine the values that form an essential foundation of stable, secure, and functioning societies; have devastating impacts on individuals; weaken democratic institutions; degrade the rule of law; perpetuate violent conflicts; facilitate the activities of dangerous persons; and undermine economic markets. The United States seeks to impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as to protect the financial system of the United States from abuse by these same persons.

[Click here to view more information on today's designation.](#)

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