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## **FORMER POLITICAL PARTY OFFICIALS IN PUERTO RICO SENTENCED TO FIVE YEARS IN PRISON FOR EXTORTION, CONSPIRACY AND TAX FRAUD**

WASHINGTON – Two residents of Puerto Rico were each sentenced to five years in prison for their involvement in a scheme to extort a group of contractors in connection with the Superaqueduct construction project along the north coast of Puerto Rico, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

The defendants, Rene Vazquez-Botet and Marcos Morell-Corrada, were sentenced at a hearing in San Juan before U.S. District Court Judge Jose Antonio Fuste. Judge Fuste also ordered each defendant to serve three year terms of supervised release upon their release from custody and to pay fines of \$100,000. Both defendants surrendered to begin serving their prison terms today.

On Nov. 3, 2006, after a six-week trial, a jury in federal court in San Juan returned guilty verdicts against Vazquez-Botet and Morell-Corrada including conspiracy, extortion, and a fraud scheme to deprive the Commonwealth of income tax involving unreported income.

In early 1995, the defendants, together with Jose Granados-Navedo—a member of the Commonwealth of Puerto Rico’s House of Representatives—extorted money from a group of Puerto Rico-based contractors who ultimately obtained contracts for the construction of a \$372 million public works project involving the construction of a 40-mile water pipe from Arecibo to San Juan, Puerto Rico. Vazquez-Botet, Granados-Navedo and Morell-Corrada demanded more than \$2 million from the contractors for assistance in securing and preserving their contracts

Vazquez-Botet, who is a licensed pediatric ophthalmologist, was tapped in 1991 by the New Progressive Party to be campaign director for a gubernatorial candidate and served as campaign manager for the candidate’s re-election in 1996. Before the extortion scheme ended prematurely in the summer of 1999, Vazquez-Botet demanded and received cash payments from the contractors totaling over \$300,000 and directed that additional payments be made to third parties totaling approximately \$60,000 to retire debts from the 1996 campaign. In convicting the defendant of the mail and wire fraud counts, the jury found that Vazquez-Botet failed to declare and pay taxes due on the cash payments from the contractors and approximately \$150,000 in cash and checks earned in his medical practice.

Morell-Corrada, who served as the secretary general of the same political party as Vazquez-Botet from 1991 until his resignation in 1996, demanded and received \$125,000 between September 1997 and May 1999, mostly under the guise of a sham retainer for legal services. Morell-Corrada was a licensed attorney and had worked as an administrator for the University of Puerto Rico before his term as the chief executive officer of the political party. He

resumed his private law practice when he left the party. Granados-Navedo, who had resigned from office as the Vice President of the House in 1999, pleaded guilty before the first indictments were returned in this case in 2004 and cooperated with the FBI's investigation and prosecution. He pleaded guilty to one count of conspiracy for his role in the scheme to extort the contractors and admitted to receiving more than \$175,000 during the scheme.

Jose Cobian Guzman, a former political party treasurer and electrical and mechanical contractor, cooperated in the investigation and at trial. Cobian had been convicted of participating in two other extortion schemes when he began cooperating in the investigation and prosecution of this extortion scheme.

This case was investigated and tried by trial attorneys Mary K. Butler and Matthew Solomon of the Criminal Division's Public Integrity Section, working with the FBI's San Juan Division of the FBI. Public Integrity Section trial attorney Michael Ferrara and the Criminal Division's Appellate Section successfully obtained the recusal of the judge originally assigned to this case. The Office of the Comptroller for the Commonwealth of Puerto Rico provided assistance in the investigation.

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