Social Insecurity: The Case of IGSS-Pisa in Guatemala
Ground to a halt in Guatemala City’s unrelenting morning traffic, a small team of government investigators began to worry they had lost their suspect.

They had been tracking him for months, listening in on his calls and tailing his black Audi around the city. That day, on November 5, 2014, their intelligence suggested he was headed to a crucial meeting to seal the deal on a bribe worth over $2 million.

The subject was Otto Molina Stalling, then an advisor for the financial branch of the Guatemalan Institute of Social Security. Known locally by the acronym “IGSS” (Instituto Guatemalteco de Seguridad Social), it is the state body that provides healthcare and pensions to over a million working Guatemalans. Due to its size and varied portfolio, IGSS had become something of a lair of corruption, and Molina Stalling, investigators believed, was carrying on that tradition.

Still, he was a tricky target. Molina Stalling had made a habit of escaping the investigators, for instance, by dipping in and out of shopping mall parking lots. And now, hidden among the thick traffic, he was once again out of sight.

Luckily, from the intercepted phone conversations, the team knew he was heading to a place by the name of “Zürich” – possibly Pastelería Zürich, a
tranquil Swiss chocolatier in one of Guatemala City’s wealthiest districts.

The team headed to the café and, after a hurried search, found Molina Stalling’s Audi parked outside.

Inside, the investigators grabbed a table while seniors sipped coffee and snacked on pastries against a backdrop of stone walls and earthy wooden décor. From there, they watched and took photos of the IGSS advisor who sat in a quiet corner. Soon, two others joined him. Investigators later identified one of them as a businessman representing a firm called Droguería Pisa de Guatemala – a subsidiary of the Mexican pharmaceutical giant of the same name.

Pisa was hoping to win a lucrative contract with IGSS worth around $15.3 million, and the investigators believed the meeting had been set to negotiate a hefty commission the company would be paying to finalize that deal.

Although they were inside the café, the surveillance team could not hear what was discussed that morning. But just hours after the meeting, they checked Guatemala’s state contract registry and saw that the IGSS executive board had approved the decision to award Pisa its contract.

For the investigators, the uncanny timing reeked of another crooked deal approved by a Social Security Institute long plagued by corruption. What they didn’t know, however, was the lengths to which the network would go to protect itself. And what they couldn’t see then was that there would be a trail of bodies left in its wake.

**IGSS: The “Petty Cash Department”**

It is hard to comprehend how and why a low-level government advisor like Molina Stalling could have, according to investigators, ended up negotiating a million-dollar bribe on behalf of the state without first understanding the behemoth that is IGSS.

Founded in 1946 on the impulse of Guatemala’s first democratically elected president, Dr. Juan José Arévalo, IGSS was designed to guarantee public access to social security in all corners of the country. Today, it provides healthcare, pensions and compensation to over one million working Guatemalans whose salaries help bankroll a colossal budget reaching into the billions of dollars.

It is these substantial resources and the need to constantly dish out lucrative contracts to healthcare providers that have gradually transformed IGSS into something corruption watchers refer to as the “petty cash” department. In other words, it is a tool for buying political favors from other state officials, politicians, judicial authorities and economic elites by handing them fruitful contracts, jobs or promises of both in the near future.
Because of this leverage, top IGSS officials have become important political actors – many belonging to an elite bracket of society that for decades had been unaccustomed to meaningful scrutiny. But the sheer number of contracts up for grabs each year also opens the door for low-level operators like Molina Stalling to enter the fray.

With the stakes so high, it is no coincidence that the executive board at IGSS – a six-member panel that is the final safeguard against poor service – is consistently staffed by members of Guatemala’s political and economic elites, alongside highly-qualified medical professionals.

Back in 2014, when Pisa was awarded its $15.3 million contract with IGSS, the executive board was led by an influential former military official-turned-businessman, lawyer and politician named Juan de Dios de la Cruz Rodríguez López.

Rodríguez became president of IGSS in 2013, having previously served as private secretary for then-president Otto Pérez Molina (2012-2015), a political alliance forged during the pair’s joint time in Guatemala’s elite military intelligence corps.

He was the president’s right-hand man and had landed the top job at IGSS after Pérez Molina controversially fired the incumbent IGSS director. The president quickly tasked his ally, Rodríguez, with “clearing out corruption” within the Social Security Institute. Instead, Rodríguez stacked it with allies: He hired over 300 advisors, including officials with links to corruption and the children of prominent state officials – one of them Molina Stalling.

The executive board also included economic elites like Julio Suárez, then president of Guatemala’s national bank, and Max Quirin, a wealthy businessman and a member of the country’s most important chamber of commerce, the so-called Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras – CACIF).

Quirin was no stranger to high-level public service. He’d previously served on the national bank’s monetary board and later joined the executive board at IGSS, first as a representative of the national bank and then as the CACIF’s nominee to speak for Guatemala’s highly influential private sector.

There was also Jesús Arnulfo Oliva Leal, the former dean of medicine at the San Carlos University (Universidad de San Carlos – USAC). USAC is Guatemala’s largest and oldest university with outsized influence in politics. He was joined by another doctor, Erwin Raul Castañeda Pineda, who represented the country’s College of Doctors and Surgeons (Colegio de Medicos y Cirujanos de Guatemala). Finally, there was Julia Amparo Lotán Garzona, representing the country’s labor sector.
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This setup is designed to ensure that IGSS’ hefty expenditure is guided with the greatest administrative and medical proficiency that Guatemala has to offer. But with Rodríguez at the helm and the hiring of Molina Stalling in June 2013, it did not take long for things to go awry.

The Mother-Son Connection

Otto Molina Stalling was an auditor by trade. An ambitious young professional with a slim figure and neat black hair, he had a penchant for pricy cars, something seemingly at odds with his government service. Molina Stalling had made a career in public administration before joining IGSS, including two stints at the agency responsible for flagging potential misspending from government accounts.

Part of his wealth could be explained by the fact that he came from an influential family. His father, Julio Molina Avilés, was a military colonel who served as health minister under former president Alfonso Portillo (2000-2004). His mother, Blanca Stalling Dávila, was an influential Supreme Court magistrate with connections to high-level politicians and strong ties to the military.

One of those connections was to the IGSS executive board president, Juan de Dios Rodríguez. In 2014, both had allegedly taken part in a dubious plot aimed at stacking Guatemala’s high courts with judges loyal to the incumbent Patriot Party (Partido Patriota – PP) and their political allies, according to an Attorney General’s Office investigation and media reports. Rodríguez was one of the PP’s main operators in that scheme, while Blanca Stalling was one of its presumed beneficiaries: She subsequently ended up on the Supreme Court.

That connection may have had had played a part in Molina Stalling’s arrival at IGSS. Speaking to Plaza Pública in 2014, Blanca Stalling said that her son had met Rodríguez when he was still working in a government accounting office and was later offered a job by the president of the IGSS executive board. She insisted, however, that her relationship with Rodríguez began after Molina Stalling was given the job. In an interview with InSight Crime years later, Rodríguez played down any connection to Molina Stalling, saying he did not know him prior to the latter’s arrival at IGSS.

In line with his past experience, Molina Stalling was hired as an advisor within the IGSS financial branch, the body overseeing how the Social Security Institute spends its money. Despite a relatively healthy salary – around $4,000 a month, according to Nómada – his position did not grant him any authority to influence IGSS’ tenders.
But once he was on the inside, Molina Stalling began tracking several IGSS contracts. Using a notepad later confiscated by authorities, he jotted down reference numbers and the names of multiple suppliers that would go on to win public tenders.

That discovery may help explain why Molina Stalling was interested in Pisa, a company seeking a contract to provide a kidney treatment known as peritoneal dialysis to 530 IGSS patients.

The company had previously won state contracts, mostly for providing medication, but never for kidney treatment. A highly delicate procedure requiring pristine hygiene, whether at home or in a clinic, **peritoneal dialysis** uses a set of different solutions and tubes inserted into the abdominal cavity to remove waste products from the blood when the kidneys can no longer do so.

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**Peritoneal Dialysis — How it Works**

Peritoneal dialysis uses a series of solutions and tubes to remove waste products from the blood when the kidneys can no longer do so. The treatment can be done in a clinic or at home.

As of mid-May 2015, the IGSS association of peritoneal dialysis patients had registered **95 infected patients** and **13 deaths**.

To get around this, Pisa had signed a **private contract** with a separate firm called Medicina Corporativa, with the former company effectively subcontracting the latter to provide the physical clinics and personnel to provide the treatment, according to a later official investigation into the case.

The arrangement, reached just one day before the deadline to submit the contract bid to IGSS and despite subcontracting reportedly being **forbidden**
under the tender’s conditions, would become central to the case against IGSS officials. According to two government investigators that worked on the case, it allowed Pisa to meet the bid’s basic requirements by declaring physical infrastructure that the company, in reality, did not own or directly operate. In fact, many of these services were never provided, investigators told InSight Crime, meaning many patients who might suffer complications would find little to no assistance when seeking help from Pisa.

For its part, Pisa never faced questions concerning the contract. And prior to the publication of this series, Pisa, referring to itself by its acronym DPG, sent InSight Crime a detailed response to the charges, declaring, in short, it was the only one of the two bidders who “complied with all the requisites of the tender,” and that “all of the contracting of DPG to provide its services was absolutely legal.”

However, investigators also found that the IGSS executive board and another board responsible for reviewing contract bids did not note Pisa’s lack of infrastructure. Exactly whose responsibility this was would later become a major bone of contention, with members of the executive board, such as Juan de Dios Rodríguez and Max Quirin, vehemently denying that the IGSS directors were liable for reviewing the technical capacity of companies bidding for state contracts with the Social Security Institute.

Still, in early October 2014, Pisa won the bid. But to the firm’s frustration, the company it had beaten out was appealing the decision; it had flagged the contentious subcontracting agreement presented in Pisa’s bid and claimed there was no clear evidence that the company possessed the necessary infrastructure to meet the tender’s basic requirements. What’s more, the deal was yet to be approved by the IGSS executive board. Pisa needed one more push to get over the finish line.

A Party and a Contract

Later that month, on October 31, in what may have been the first time Molina Stalling caught wind of the bid, he found himself at a graduation party where he spoke to an IGSS kidney specialist with apparent knowledge of Pisa’s predicament.

“So, we were there talking about a few projects and [a doctor] told me that Pisa had won a bid for peritoneal dialysis,” Molina Stalling told an associate in an intercepted phone call just hours after the graduation party. “But it hasn’t been awarded yet... there’s an appeal.”

That associate was Herbert García-Granados Reyes, an operator working outside the IGSS apparatus but who allegedly enjoyed privileged connections
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to Pisa executives. In the week following the graduation party, the pair traded
frequent calls with the aim of inviting Pisa to secure the deal by paying a hefty
commission of over $2 million, according to government investigators. InSight
Crime attempted to reach Molina Stalling for comment but did not receive
a response from the former IGSS advisor. He has repeatedly denied that he
solicited a bribe from Pisa.

The IGSS-Pisa Network

In late 2014, operators within the Guatemala Social Security Institute (IGSS) allegedly
negotiated a bribe with pharmaceutical firm Droguería Pisa to be paid in exchange for
securing a contract worth $15.3 million.
But that would require additional help. Government investigators say the duo needed inside information and assurance from within IGSS that the appeals would not cause trouble and that the required officials would give Pisa’s deal the green light.

To that end, Molina Stalling had already spoken to the IGSS kidney specialist from the graduation party. And, thanks to his mother, Molina Stalling would also enjoy a direct line to the top of the IGSS hierarchy.

That came via a former notary and legal advisor named Ricardo Grijalva. Grijalva had worked for Blanca Stalling when she headed Guatemala’s Institute of Public Criminal Defense (Instituto de la Defensa Publica Penal–IDPP). He was also an alleged confidante of Juan de Dios Rodríguez and occasionally attended meetings of the IGSS executive board as an advisor, according to a government investigator close to the case.

Once inside IGSS, Molina Stalling worked on Grijalva’s command, the same investigator told InSight Crime. And when the IGSS advisor needed information from the upper IGSS hierarchy, he could seemingly reach out to Grijalva to get it, according to intercepted communications between Molina Stalling and his associates compiled in a government investigation and accessed by InSight Crime. Grijalva was never accused of any crimes related to the investigations into IGSS’ deal with Pisa.

Molina Stalling had everything he needed to set up a bribe, investigators would later claim. And with the appeals against the bid rejected, all that was left was to meet with Pisa in Cafetería Zürich on that morning in November 2014 and seal the deal.

When the IGSS executive board’s decision to green-light Pisa’s contract was uploaded to Guatemala’s state contract portal, it seemed everything had gone to plan. That was until Pisa actually started administering the treatment.

‘They’re Going to Die Sooner or Later’

Strung out on a hospital bed and barely able to walk, Miriam Ramos knew her husband was in serious trouble.

“Give me a kiss,” he told her, “Because I can’t take anymore.”

He then rolled onto his side, leaving a despairing Miriam with little to do but turn around and leave the building.

It was March 1, 2015, just weeks after Pisa had started administering peritoneal dialysis to 530 IGSS patients, among them Miriam’s 55-year-old husband, Gustavo Mota Ixtamer, a municipal employee from a small town on the southern cusp of Guatemala’s highlands.
The problems had started right away. The equipment the company had given her husband to remove waste products from his blood had instead given him stomach pain. They sought help from Pisa in Guatemala City but were told his body needed time to get used to the new supplies. Unconvinced but with no alternative, they headed home, and her husband worked through the pain.

A few days later, his stomach in agony, Gustavo headed to mass at a nearby church. There, he drank a cup of tea and began vomiting profusely. When Miriam came to pick him up, it was clear he was severely ill.

They looked for a spot at a hospital in Guatemala City. But there was no room, they were told. The clinics were teeming with kidney patients who had contracted infections after using Pisa’s equipment, some of them sprawled out on the floor.

Instead, her husband was sent to a hospital near Guatemala’s Pacific coastline. The heat was unbearable. Even worse, the hospital lacked a specialist to treat him. His pain worsened.

That was when Miriam had comforted him, and Gustavo had told her that he could not take any more pain. But minutes after she had kissed her husband goodbye that day, Miriam was called back to the hospital. She came running, but when she arrived, he was already in intensive care.

The next day, when she could see him again, he was hooked up to various machines, which beeped and hummed at a steady but disconcerting pace. By that time, he could no longer talk. He had had a heart attack, she was told, and although they stabilized him, he was fighting for his life. Miriam was in tears.

On her way to the hospital the following day, a friend called her, stunned. Her husband had just died. She was left alone with two children, aged seven and twelve, who wondered where their father had gone.

The story was one of many, piling up like the patients in the Guatemala City hospital. A steadily growing number of kidney patients were winding up in intensive care or, worse, dead.

Complaints of poor treatment from patients and their families were also starting to flood into Guatemala’s Human Rights Ombudsman (Procurador de los Derechos Humanos – PDH), sparking an investigation. After the PDH inspected Pisa’s clinics in central Guatemala City, they declared that the company “lacked the necessary infrastructure, staff, equipment and supplies” to treat the patients they had been contracted to care for.

They later compiled their findings in a damning report: Pisa’s clinics were too small; the company had not hired enough kidney specialists; the patients complained the kits they were given to administer the treatment at home were unclean. One patient had even found an insect inside a sealed dialysis bag.
Worse, the catheters Pisa had provided the IGSS patients were not compatible with those of the previous supplier, meaning all of the patients had to undergo the delicate process of changing the tubes that transfer solutions in and out of their abdomens, further exposing them to infection, according to the PDH.

The findings came in stark contrast to an internal IGSS investigation commissioned by the executive board in early 2015, which concluded the service provided by Pisa was better than that of the previous provider, according to former board member Max Quirin. What’s more, in its letter to InSight Crime, Pisa said that a later investigation by Guatemala’s national forensic institute, known by its Spanish acronym INACIF, had determined, “There was no negligence on the part of DPG nor its employees.”

But the casualties spoke for themselves. When the PDH published its report in May 2015, it concluded that Pisa’s deficiencies had already provoked infections in 57 IGSS patients. There had also been seven deaths in the short time Pisa had been providing the treatment, presumably “as a consequence of the change in service provider which provoked the infections,” according to the report. Many patients were now too scared to undergo a treatment that they needed to stay alive.

They blamed Pisa, but the company’s executives did not share their view.

“They’re going to die sooner or later,” a spokesman for Pisa told Nómada that same month.

By that time, the kidney patients healthy enough to do so had mobilized and held protests, accusing IGSS and Pisa of manslaughter. The story had also made national headlines.

The ever-louder public outcry would light a fire under an investigation that had begun many months before.

**The Investigation**

The investigation into what eventually became known as the IGSS-Pisa case started with a tip and a phone number. A young male subject between 35 and 40 years old, “very close to the top of the IGSS hierarchy,” was thought to be contacting potential IGSS suppliers and offering his influence in exchange for bribes.

That information found its way to the International Commission against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala – CICIG), a judicial body backed by the United Nations that worked in tandem with the country’s Attorney General’s Office to tackle high-level graft.
At the time, the CICIG was investigating a range of possible corruption cases inside IGSS. Now, with the tip in hand, its investigators decided to pull on this new thread.

Finding out who the phone number belonged to was not hard. With just a quick search online, they found the phone number on the e-exchange website OLX next to the name “Otto Molina.” The same name and number appeared next to a Nissan SUV for sale on a different site. The number also came upon a public tender application under the name “Blanca Aída Stalling Dávila.”

That was enough information to get a wiretap on Molina Stalling’s phone. And weeks later, they listened in, as he first mentioned Pisa to his associate García-Granados after the graduation party in late October 2014, just hours after calling his mother to complain that his phone had been hacked.

His mother, ever watchful, responded in kind.

“Be careful what you say on there, Otto. They’re not going to catch you as a collaborative witness or an intermediary or something,” she told him.

Molina Stalling, however, failed to take his mother’s advice. Instead, he proceeded to share intricate details of Pisa’s contract over the phone, while CICIG’s investigators listened in and built a case.

Just hours after the graduation party, he had reached out to his mother’s confidante, Ricardo Grijalva, to ask for concrete details on the peritoneal dialysis contract, according to a report later compiled by the CICIG investigators.

Days later, when the plan was gaining speed, they listened in as Molina Stalling and García-Granados talked numbers for Pisa’s commission.

- “...now we need to show the seña [commission]...let him know that it’s been confirmed... for the backhander we’ll ask for 15,” said Molina Stalling.

- “Okay, I thought it was 16,” García-Granados replied.

Based on those figures, the alleged bribe would equate to between 15 and 16 percent of the contract’s total value – around $2.4 million. CICIG was gaining ammunition. Then Molina Stalling and García-Granados shared the location, date and time of their meeting with Pisa over the phone. “Right, tomorrow we’ll grab it by the balls, that’s for sure,” said García-Granados.

- Right, okay. All good.”
- “Okay, man. 9:30. Alright?
- “9:30. Where?
- “In Zürich.”
Armed with that intelligence, the team of investigators would spend the next morning camped outside Molina Stalling’s house, waiting for their man to set off for the meeting in Cafetería Zürich.

They had figured out the bribe, and would later stumble upon the much bigger problem. Namely, that Pisa lacked the necessary medical equipment and staff to do the job, as the PDH’s report, government investigators, and scores of infected patients would later declare.

As the number of infected patients kept climbing, so did the pressure for CICIG to move on its case. And so, on May 20, 2015, Guatemalan authorities arrested the entire IGSS executive board, along with Molina Stalling and his associates from the meeting in Cafetería Zürich, Pisa company executives, along with a select group of other IGSS staff involved in awarding the contract. Days earlier, with 13 kidney patients having died in just under five months, IGSS rescinded its contract with Pisa.

The image of a resigned Molina Stalling handcuffed next to police was a sign that he had swam out of his depth. And that, this time, the status quo of corruption and impunity might be about to change.
As day broke in Guatemala City on August 31, 2016, a judge named Carlos Ruano anxiously awaited a meeting with one of Guatemala’s most powerful magistrates.

It was six in the morning. Ruano had not slept, having worked through a night shift, and he now sat in his car with just over two hours to kill before the rendezvous.

He had been summoned by Blanca Stalling, the mother of Otto Molina Stalling. The latter had been arrested in May 2015 and jailed for allegedly soliciting a million-dollar bribe from a pharmaceutical firm called Droguería Pisa while he worked as an advisor at the Guatemalan Institute of Social Security (Instituto Guatemalteco de Seguridad Social – IGSS).

Luckily, from the intercepted phone conversations, the team knew he was heading to a place by the name of “Zürich” – possibly Pastelería Zürich, a tranquil Swiss chocolatier in one of Guatemala City’s wealthiest districts.
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Ruano had recently been handed that case. It was complicated. The players included not just the son of a prominent magistrate but also powerful economic and political elites. Still, Molina Stalling’s role was more clear-cut. In multiple wiretapped phone calls and during a surreptitious meeting at a coffee shop, Molina Stalling had been caught allegedly arranging the bribe.

Now his fate was in Ruano’s hands. Ruano knew this meant the judge had only one item on her agenda that morning.

“It was obvious she wanted to talk to me about the case,” Ruano told InSight Crime later in an interview in the stuffy, weathered offices of the towering courthouse building in downtown Guatemala City.

Do I go? Do I not go? he thought to himself. If I don’t go, there will be reprisals. She’s a Supreme Court judge. If I do go, I need to be sure that I don’t compromise my work and that she won’t meddle in my decisions.

To cover his back, Ruano decided to secretly record the meeting on his telephone, an audio recording of which was used in a case against Stalling later and which InSight Crime obtained. And when she called him into her office, he hit record and placed his phone in a shirt pocket.

“My son has been detained for a year and four months, and the [Pisa] trial hasn’t started,” she began. “All I’m asking is whether it would be within your powers, first of all, to work with the other judges...so that you try to speed up, to push forward, the chance of a hearing.”

Ruano was squirming in his chair.

“The prisons are overflowing,” she added. “I just wanted to ask if there’s a chance of granting an alternative to imprisonment. I’ll even act as my son’s legal guardian.”

Ruano knew superiors shouldn’t be telling subordinates how to do things, especially when it concerns a judge’s independent review of a sensitive case. But Stalling did not stop there.

“My son had no idea about the contract bid,” she said, referring to the $15.3 million contract IGSS had awarded Pisa in November 2014, when her son had met with one of the company’s employees over coffee hours before the deal was publicly confirmed. “He had nothing to do with the administrative branch.”

At the very least, this was a conflict of interest, Ruano thought, as she continued to plead her son’s case. At most, he thought this was influence peddling, a crime in Guatemala.

“It’s in your hands and those of the other judges,” said Stalling as the meeting came to an end.
False Starts
Like many of those arrested alongside her son in 2015, Blanca Stalling came from an elite bracket of Guatemalan society largely unaccustomed to meaningful scrutiny.

With her father, ex-husband and brothers all having served in the army, Stalling maintains intimate ties to a military elite that became the driving force in Guatemalan politics during the brutal military dictatorships of Guatemala’s civil war (1960-1996) and thereafter. As the country then transitioned into a young democracy, the military remained a tightly-knit clique entrenched in the corridors of power. On multiple occasions, it has shown it is capable of using its disproportionate clout in politics to shield its members from possible accusations of corruption and human rights abuses.

A member of that fold, Stalling also ended up in a position of power, albeit with a questionable record.

A lawyer by trade, in 2004, Stalling was elected head of Guatemala’s Institute of Public Criminal Defense (Instituto de la Defensa Publica Penal – IDPP), where she was accused of nepotism after hiring several family members. She later became a Supreme Court judge, in 2014, following an election that was allegedly rigged by a group of political operators seeking to stack the country’s high courts with their allies, herself included. InSight Crime reached out to Stalling for comment but did not receive a response.

Despite this, Stalling was not accused of any crimes in those cases. As per her tape-recorded conversation with Ruano, she did not appear worried about leveraging her status within the judiciary to weigh in on her son’s case.

To be sure, this type of conflict of interest is familiar terrain for judges like Ruano. In Guatemala, where impunity rates for corruption reach almost 99 percent, judges that meddle with this status quo often find themselves in dicey situations like the one Ruano had agonizingly sat through in Stalling’s office.

“The independent judge is uncomfortable for a justice system like Guatemala’s,” he explained to InSight Crime as if he were talking about an endangered species.

In high-profile cases, he added, it is common for judges to recuse themselves rather than face down legal injunctions and spurious accusations aimed at derailing their work.
The Pisa case was about as high-profile as they come, with many of the defendants hailing from the political, military, economic and judicial elites that had long benefited from the high rates of impunity.

“Several judges were taken off [the Pisa case],” said Ruano, himself a stand-in judge who had been handed the case in early 2016 after others had recused themselves by taking a holiday, calling in sick, or simply not answering their phone.

Many who stepped down did so after rejecting appeals lodged by defense lawyers, some aimed at modifying the trial format, while others sought to spring clients from pre-trial detention.

In Ruano’s case, the meeting with Stalling had left him in an untenable position. So, in January 2017, he took his secret recording to the Guatemala Attorney General’s Office and lodged a formal accusation against Stalling for influence peddling.

It was an audacious move considering Stalling’s rank. And in January 2017, he publicly announced this accusation during a bombshell trial hearing during which he and the two other presiding judges recused themselves from the Pisa trial. The trial later had to restart from scratch.

Stalling’s efforts to sway the case had backfired. Instead of getting her son out of jail, she was arrested the following month despite an audacious attempt to evade authorities by donning a wig and sunglasses as she exited an apartment building in Guatemala City. The following day, surrounded by camera crews outside the city courthouse, an upbeat Stalling, who denies attempting to influence Ruano’s work, smiled and joked with lawyers as she was taken away to a nearby jail. Just like her son, she was placed in pre-trial detention.

Ruano, meanwhile, fled the country.

The Trial

The incident with Blanca Stalling’s saga was just one of many delays in a case that had riveted the country. With injunctions and recusals, it would be over two years between the arrests in 2015 of those accused of engineering one of the deadliest corruption scandals on record, and the beginning of the trial. And when it began, in August 2017, it was a lengthy affair.

With over 20 defendants, it would take over a year to get through a total of 92 hearings before the judges were left to contemplate a verdict.

Though over 50 kidney patients had become infected and over a dozen had died after IGSS had contracted Pisa – a company that prosecutors and an independent government watchdog said had neither the experience nor
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the infrastructure – to treat them, none of the defendants were on trial for manslaughter. Instead, the debate was mainly centered on who inside IGSS was to blame for awarding Pisa its contract.

Had the IGSS executive board committed fraud by approving the decision to hire Pisa without adequately verifying whether the company had the capacity to treat kidney patients? Or was this the fault of the so-called tender board at IGSS, which had selected Pisa to win the bid prior to the deal’s final approval? Were Otto Molina Stalling and his associates – including other IGSS staff and two Pisa executives – guilty of forming a criminal network that had coordinated the bribe that had allegedly set in motion this entire chain of events?

For prosecutors, there was no ambiguity. If not for fraud at the highest levels, how else could IGSS have contracted a supplier without the required experience or infrastructure to administer the treatment it was being paid to provide?

To back up their case, prosecutors drew from a trove of intercepted conversations they had acquired by tapping Otto Molina Stalling’s phone. On the calls, according to prosecutors, the former IGSS advisor openly discussed plans to meet with a Pisa employee in Guatemala City and solicit a bribe worth 15 to 16 percent the value of the contract the company would be awarded by IGSS.

In an attempt to explain where that money had gone, prosecutors called a witness who testified to “atypical and suspicious” cash withdrawals, totaling $660,000, made by Pisa in the weeks following the contract’s approval. Pisa justified the withdrawals as a means of paying its staff. This was a dubious alibi, the witness alleged, given the firm used an online platform for salaries and that the amount of cash taken out equated to over one and a half years of wages.

Still, Pisa, in a letter to InSight Crime prior to publication, would later state, “There was never any bribe,” even while it did not directly address the circumstances of the meeting between the businessman representing Pisa and Molina Stalling.

There was also the task of hammering home the case for negligence, for which the prosecution called a host of witnesses from the depleted group of surviving kidney patients healthy enough to testify, along with the family members of those who had died.

In a series of harrowing testimonies, the witnesses spoke of how patients who had never suffered infections were soon besieged by an array of grisly ailments, ranging from stomach pain to vomiting and diarrhea to tingling sensations in their hands, fatigue and other bodily pains.
One of those witnesses, Claudia Figueroa, told the court how her 62-year-old mother had fallen ill almost immediately after Pisa took over the treatment. Later, in an interview with InSight Crime, she spoke of how the dialysis solutions Pisa provided her mother in early 2015 led to stomach pain, vomiting, nausea and low blood pressure – in line with the symptoms reported by the vast majority of the witnesses. After a month-and-a-half of suffering, her mother developed an infection and was taken into emergency care.

Multiple witnesses said part of the problem was Pisa’s substandard and unhygienic equipment. They also claimed the company had slashed the training time for patients and caretakers to administer the treatment at home from two to three weeks down to less than an hour. Several witnesses stated that when infections occurred or patients needed their catheter changed, the company consistently failed to respond swiftly or competently.

“People were already dying after three to four days,” Figueroa told InSight Crime.

Unsatisfied with how her mother was being treated in IGSS emergency care, Figueroa paid for an ambulance to take her mother to what she thought were Pisa’s clinics in Guatemala City, but on arrival, they found no sign of the company.

“No one from Pisa came,” she told InSight Crime. “They were not there.”

Pisa, in its letter to InSight Crime, would later strongly contest this version, claiming, among other things, that the bid it won with IGSS was “absolutely legal.” What’s more, the company noted, a later investigation by Guatemala’s national forensic institute, known by its Spanish acronym INACIF, had determined, “There was no negligence on the part of DPG nor its employees.”

Prosecutors claimed the company did not have the infrastructure to provide the services they had been contracted to render. During the trial, they presented evidence that showed how Pisa had subcontracted a separate company with physical clinics and a staff as part of its bid to win its contract with IGSS.

However, investigators later told InSight Crime the contract was a ruse. They said it was designed to allow Pisa to meet the bidding requirements despite the firm lacking the necessary infrastructure and personnel to do so. According to one of the investigators, the agreement basically amounted to Pisa renting rooms in a hospital owned by the subcontracted company, but several of the services were never provided.

In its letter to InSight Crime, Pisa, referring to itself by its acronym DPG, said it was the only one of the two bidders who “complied with all the requisites
of the tender,” and that “all of the contracting of DPG to provide its services was absolutely legal.”

The prosecution alleged that the information on Pisa’s private arrangement and its technical capacities had been available to the IGSS executive board and the tender board prior to awarding the contract. It was that extreme negligence in allowing the deal to go through that, in its view, warranted a conviction.

Nonetheless, the judges in the case dismissed the victims’ testimonies, claiming the witnesses had been instructed to testify against Pisa’s treatment, equipment and services and that the majority had received compensation from the company during the trial and decided to withdraw as plaintiffs.

Figueroa’s mother survived, for a while. They eventually found a doctor – with no affiliation to Pisa – who could treat her mother. But though she beat the infection, her condition steadily deteriorated. With her body severely weakened, her mother was unable to undergo a life-saving transplant and died during the trial.

**CACIF and CICIG: A Collision Course**

On June 12, 2018, after three years behind bars and the trial dragging on, Jesús Oliva Leal, the former dean of medicine at Guatemala’s San Carlos University who was among the IGSS executive board that approved the Pisa contract, took his own life.

Oliva Leal had been diagnosed with acute depression in jail, and just months before his death had twice asked to be placed under house arrest due to his ailing mental health. With his passing, he became the second member of the executive board to die behind bars. Erwin Raul CASTAÑEDA PINEDA, a doctor representing Guatemala’s College of Doctors and Surgeons (Colegio de Médicos y Cirujanos de Guatemala), had succumbed to cardiorespiratory problems back in September 2016.

Initially, the Pisa case had sparked controversy over the dozens of kidney patients who died on the company’s watch. But now, with the trial drawing to a close and many of the accused having endured over three years behind bars, there were growing cries from those backing the defendants to end what they argued was unlawful imprisonment.

The loudest of those cries would come from Guatemala’s most important chamber of commerce, the so-called Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras – CACIF). For decades, the CACIF had represented the interests of Guatemala’s diverse but highly influential business elites, a task that sees its members rub shoulders with politicians at the highest level of government.
One of these members was Max Quirin, a wealthy businessman and airplane aficionado who had previously served as the private sector representative on Guatemala’s national bank before joining the executive board at IGSS in the 2000s.

A well-dressed, pale-skinned man with bushy eyebrows and patchy grey hair, Quirin had gained prominence in Guatemala’s world-renowned coffee trade. Hoping to use his business acumen to steer Guatemala’s young democracy in the right direction, he had entered the world of public service in the 1990s and 2000s. He said he joined the IGSS executive board hoping to streamline the bidding process for contracts, cut costs and reduce potential corruption.

His slate had been clean before joining IGSS, but like many business elites, that had changed with the arrival of the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG). The CICIG was a supranational judicial branch supported by the United Nations. According to those who set it up in 2007, the purpose was to prosecute pervasive corruption among Guatemala’s government circles. It had helped lead the investigation into the IGSS’ alleged corruption in the Pisa case.

However, with his arrest in 2015, Quirin became one of the first in an expanding list of business elites on the receiving end of criminal investigations led by CICIG and the Guatemala Attorney General’s Office.

In 2017, CICIG would go after former CACIF president José René González Campo-Hinojosa, who prosecutors accused of making irregular campaign contributions in a nationwide bribery scheme that saw illicit funds channeled into the coffers of the formerly incumbent Patriot Party (Partido Patriota – PP).

That same year, a host of other prominent businesspeople – including members of CACIF – were implicated in a separate CICIG investigation for allegedly making illicit contributions to the 2015 election campaign of former president Jimmy Morales (FCN-Nación, 2016-2020). In an extraordinary press conference in early 2018, several businessmen who had financed the party publicly apologized to the nation, admitting “mistakes were made.”

These were, in other words, humiliating and distressing times for Guatemala’s business elites, which would set them on a collision course with the CICIG. And in the Pisa case, some decided it was time to push back.
As the trial drew to a close, Quirin was the subject of a multi-pronged public campaign proclaiming his innocence and deriding the CICIG and Attorney General’s Office for inhumanely detaining the accused without just cause.

To be sure, Quirin denies any suggestion that the IGSS executive board acted illegally in approving the decision to award Pisa its contract. In an interview with InSight Crime in Guatemala’s exclusive aeronautical club in November 2021, he qualified the CICIG’s case as politically motivated and accused prosecutors of acting unlawfully on multiple occasions. He also described noise that surrounded the kidney patients’ ailments as a “media campaign” orchestrated by the company previously hired to provide peritoneal dialysis that had been disqualified from the bid eventually won by Pisa.

Quirin’s statements largely align with a scathing press statement released by the CACIF in August 2018, which criticized the “weak legal arguments” that had kept Quirin detained for over 1,000 days.

Around the same time, prominent business elites penned scornful opinion pieces in the local press, one comparing the defendants’ conditions in prison to concentration camps. Another, posted on CACIF’s website, described the Pisa case as a “human and judicial savagery,” citing the irrationality of keeping “innocent” defendants like Quirin in humiliating and devastating prison conditions.

Throughout the trial, high-ranking members of the CACIF would regularly make appearances during the hearing. On occasion, they invited journalists covering the trial to lunch, according to CICIG officials close to the case and a reporter who covered the trial, all of whom preferred to remain anonymous for security reasons.

Quirin’s story even reached the United States, where an opinion piece in the Wall Street Journal accused the CICIG of illegally incarcerating Quirin and his colleagues and “running roughshod over law-abiding Guatemalans.”

That article echoed many of the criticisms made by CACIF in its August press release, including the CICIG’s alleged failure to produce any evidence of Quirin’s involvement in the fraudulent decision to approve Pisa’s contract, as well as a lack of proof that he or the other defendants had received any financial benefit from the deal.

Both alleged that the IGSS executive board to which Quirin belonged was not responsible for verifying Pisa’s credentials; that responsibility, they insisted, fell on the tender board.

In fact, Quirin told InSight Crime that the executive board is only responsible for making sure a report provided by the tender board meets certain administrative formalities, such as if the bids are received on time.
The board cannot, he argued, interfere with the tender board’s selections, nor are they responsible for reviewing the technical capacity of companies bidding for contracts with IGSS.

Prosecutors had also accused Quirin and his colleagues of failing to staff the tender board with qualified personnel, but here it bore no responsibility, CACIF and the Journal editorial alleged, as the hiring was done at random – something echoed by Quirin.

“There was nothing anomalous [in approving the contract],” Quirin told InSight Crime.

The publications also argued that the IGSS executives had, in fact, complied with their only responsibility – ensuring a compliance bond was included in the deal. In other words, it was not the job of the IGSS executive board – the ultimate authority within IGSS – to check whether companies seeking contracts were qualified or not.

The Verdict

In the middle of a tightly packed courtroom, full of reporters, lawyers and anxious defendants, Blanca Stalling mingled with lawyers and some of the accused. Then, she took a front-row seat and waited for the hearing to begin.

It was September 26, 2018. After a brief stint in prison following her meeting with Ruano and her dramatic capture, Stalling had been granted house arrest. Now, she had come to learn the fate of her son who, along with the other defendants in the Pisa case – including CACIF’s Max Quirin and the former IGSS executive board president, Juan de Dios Rodríguez – were awaiting their verdicts.

By then, 51 kidney patients had reportedly died, and a further 150 were disabled due to the procedure and could no longer walk.

The three judges entered the courtroom and took their seats behind a wooden podium facing the crowd. Then Miriam Hernández, one of the trio of judges presiding over the case, began to read aloud the verdict.

At first, it appeared to be a stunning victory for the prosecution. The judges ruled that Pisa did not have the necessary “human resources, basic infrastructure and facilities to administer peritoneal dialysis,” a grave oversight that had put their lives in peril.

What’s more, the fact that IGSS had approved the contract, despite Pisa’s deficiencies, amounted to a criminal act perpetrated by both the IGSS executive board and the tender board that had initially selected Pisa.
as a supplier, the judges ruled. Members of both boards were found guilty of fraud and sentenced to six years and three months in prison.

“The function of the executive board was not simply to arrive and sign the contract,” the judges said. These were “fraudulent and damaging conditions for IGSS which [the executive board] was legally obliged to safeguard against.”

Otto Molina Stalling, who the judges found guilty of soliciting a bribe in exchange for facilitating Pisa’s contract, was also sentenced to six years and three months in jail. The judges cited his many wiretapped conversations as crucial evidence against him.

Still, Pisa, the company at the center of the case, was largely off the hook. There was no evidence in the intercepted phone conversations to prove that the company had offered IGSS officials a bribe, the judges declared. In addition, prosecutors had not managed to show where the money had gone. For that reason, a Pisa employee who had met with Molina Stalling in a café allegedly to finalize the deal, as well as another company executive, were acquitted.

In the end, the company was ordered to pay over $400,000 in reparations to the kidney patients and families who had suffered after receiving its treatment. The judges made no mention of the heavy human toll.

Minutes after the verdict was handed down, there came another twist. All of the defendants who had been found guilty would be granted conditional liberty provided they signed an attendance form once a fortnight, in virtue of the three years they had already spent behind bars.

That decision was met with celebrations from the defendants, their families and supporters, and gasps from others in the courthouse. For the victims and their families, it would only get worse.
On July 5, 2019, one of Guatemala’s deadliest and most infamous corruption cases landed in the murky world of the country’s appellate court.

The case had started four years earlier when the Guatemalan Social Security Institute (Instituto Guatemalteco de Seguridad Social – IGSS) hired a pharmaceutical firm called Droguería Pisa de Guatemala (DPG) to provide a delicate treatment to high-risk kidney patients, despite what a lower court had declared was a fundamental lack of infrastructure to do so, and after it had allegedly paid a million-dollar bribe to secure the contract.

The scandal that followed – at least **150 patients reportedly fell ill, and over 50 died** between the time Pisa began treating them in early 2015 and mid-2018 – would lead to the historic arrest and eventual conviction of a host of political and economic elites, including the former president of IGSS, business and banking leaders, and the son of a powerful Supreme Court judge, who herself faced charges in a separate case for trying to subvert the investigation.

Luckily, from the intercepted phone conversations, the team knew he was heading to a place by the name of “Zürich” – possibly Pastelería Zürich, a tranquil Swiss chocolatier in one of Guatemala City’s wealthiest districts.
Determined to overturn the ruling, the guilty parties now looked to the appellate courts. It was a good place to look: The appellate courts had long been targeted by influential political and criminal operators seeking to stack the courts with their allies, transforming them into a wall of impunity run by judges capable of throwing out even the most solid cases with the flimsiest of justifications.

And as the accused entered the court that July day, in a dingy, dimly-lit tribunal inside the imposing concrete courthouse building in downtown Guatemala City, there was reason to be upbeat. Of the three judges who would decide their fate, at least one had been handpicked by operatives linked to the former president of the IGSS executive board; another was closely tied to several important allies.

Indeed, in some ways, the results had been rigged before the case had even begun.

**Rigging Guatemala’s High Courts**

In late September 2014, just two months before Pisa was awarded its contract with IGSS, a dozen magistrates who were up for election in Guatemala’s high courts attended a brunch at a luxurious hotel overlooking Guatemala City’s urban sprawl. The meeting was an audition of sorts, a time to glad-hand the backroom patrons who’d gotten them that far in the process.

One of those who allegedly hosted the magistrates at the brunch was Juan de Dios Rodríguez. Rodríguez was a trim, muscular man with high cheekbones, a chiseled jaw, piercing eyes and neatly combed grey hair. He was also the president of the executive board at IGSS.

Rodríguez had risen to political prominence through Guatemala’s highly-influential military. After a decorated career in the field, in the early 1990s, he’d joined a notorious branch of the army’s intelligence services, known as the D-2. Led by an ambitious and savvy officer named Otto Pérez Molina, the D-2 was a place where careers were made both inside the military and in civilian life thereafter. And over time, Rodriguez had purportedly gained the confidence of the D-2 chief, which would later help propel him to the upper echelons of power.

After the war ended in 1996, Pérez Molina went into politics. Rodríguez remained in state intelligence and later went into business, his construction company winning almost $400,000 in state contracts in the early 2010s. The pair never strayed far from one another, and Rodríguez continued to illustrate his fealty to his former boss. In 2008, for instance, when Pérez Molina came under scrutiny for possibly embezzling government funds when he was a congressman, Rodríguez reportedly covered for him. According to an investigation by elPeriódico, Rodríguez bought land from his former boss, providing him with a handy alibi for a suspect transaction that saw Pérez Molina return almost $90,000 to Guatemalan authorities.
Four years later, when Pérez Molina became president, he picked Rodríguez as his private secretary. Then, in April 2013, he appointed him to head the executive board at IGSS, putting Rodríguez in charge of thousands of lucrative state contracts and, as a result, making him one of the most powerful figures in the country.

IGSS is one of the government’s largest institutions. It procures medicines, contracts companies to perform medical procedures and rebuild health facilities, among other jobs. Its bulky portfolio also makes it ripe for corruption. It was in that context that Rodríguez allegedly took on an unofficial but complementary role as the chief lobbyist for Pérez Molina’s Patriot Party (Partido Patriota – PP) in the battle to engineer the country’s Supreme Court and its appellate courts.

At the heart of this effort was the painstaking task of negotiating who ends up on the highly-coveted “postulation commissions,” which put forward the final list of candidates for the high court vote. There are two separate commissions for the Supreme Court and appellate court elections, each with 34 seats. The more seats you control, the more aspiring magistrates you can get on the candidate list, and the better chance your chosen finalists have of being voted in by congress, which has the final say.
The idea is to separate the commissioners from high-level political interests to select candidates based purely on merit. In reality, the jostling for seats has long been a highly politicized affair, dominated by operators like Rodríguez. They splash hundreds of thousands of dollars in their efforts to position allies on the commissions. It is a minor investment considering the potential return: the chance to make millions of dollars raiding state coffers while guaranteeing your own impunity.

In the run-up to high court elections in 2014, Rodríguez purportedly met with lawyers and politicians to negotiate who would sit on the commissions and how they would vote. Rodríguez would later contest this in an interview with InSight Crime, saying the allegations were “not worth comment.” Regardless, by late September 2014, the so-called “interest blocs” were in a position to execute those votes, according to a previous investigation by InSight Crime.

That was when the brunch occurred. The guests were candidates for the Supreme Court. In many ways, it was the ultimate insurance policy. The judges not only had the last word on many important cases, but they also had widespread influence on other judges’ careers and deep-seated political contacts that had helped them reach those posts.

Similar meetings were held around the appellate court selections. By then, the aspiring magistrates for both the appellate and the Supreme Courts had spent weeks telling the postulation commissions they were independent, impartial officials of the law and the country’s constitution. They had also refreshed and submitted their CVs and answered questions in a survey of what amounted to a kind of judicial final exam.
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But the process, which was designed to ensure their independence, was riddled with corruption. In addition to efforts to rig the postulation commission, some magistrates had long lobbied for these posts. They understood that being a high court judge meant access to power, and power meant payoffs.

The payoffs were not just monetary but also favors – a job for an ally, a government contract for a relative, an assurance that tax authorities would not scrutinize unsubstantiated financial gains – and to that end, many of these judges had already met with the operators like Rodríguez.

In return, these operators expected loyalty and protection. And now, as congress was about to vote on the list of magistrates proposed by the postulation commissions, it was time to seal the pact between them.

“It was basically about an agreement among everyone, that if any [legal] situation arose, they should remember that those who had put them in their positions were the people in that meeting,” Manuel Baldizón, one of those in attendance and at that time a leader of a prominent political party, Líder (Leader), would later say in a written statement to the Attorney General’s Office.

Specifically, Baldizón said, they asked the magistrates to swear loyalty to President Pérez Molina and those in the meeting. The judges did so, and later that day, congress fulfilled its part of the deal, electing the candidates who’d brunched with Rodríguez to the country’s highest court.

The Third Chamber of ‘Impunity’

When the time came to test the 2018 decision to convict those involved in the IGSS-Pisa case, the responsibility fell to the Third Chamber of the appellate court (Sala Tercera de la Corte de Apelaciones del Ramo Penal, Narcoactividad y Delitos Contra el Ambiente).

All three of the Third Chamber’s permanent judges had come through the 2014 high court elections, the same one that had, in part, been orchestrated by Rodríguez and other operators. To a certain extent, these backroom deals had already paid off. Prior to being handed the IGSS-Pisa case, the Third Chamber had proved to be a consistently inefficient criminal appellate court, resolving just four percent of its cases between 2015 and 2018, according to a report by Impunity Watch Guatemala.

The chamber was also accused of being one of the most corrupt. In 2015, it annulled a corruption conviction against two military officials. In 2018, the Third Chamber voted to uphold the immunity of a former president and mayor of Guatemala City investigated for allegedly using municipal coffers to fund his own political party.
Among those who also benefited from the Third Chamber’s rulings in that time period was Blanca Stalling, the mother of Otto Molina Stalling. Molina Stalling was a former IGSS advisor who’d allegedly helped set up the deal between IGSS and Pisa. According to an investigation by Plaza Pública, Blanca Stalling was also part of Rodríguez’s bloc of operators seeking to influence the 2014 high court elections. At the same time, she was up for a position on the Supreme Court.

“Blanca Stalling and Juan de Dios were key operators in naming [high court] magistrates,” Alejandro Rodríguez, justice program coordinator at Impunity Watch Guatemala, told InSight Crime. “A lot of judges owe them favors.”

Both would find themselves in serious legal trouble in the months and years following the high court selections, with Rodríguez embroiled in a series of high-profile corruption scandals and convicted in the lower courts of fraud in the IGSS-Pisa case, and Stalling arrested in 2017 after allegedly trying to convince a judge to let her son out of jail during the first IGSS-Pisa trial.

This is precisely why they’d reportedly put their allies in the appellate courts. In 2017, the Third Chamber granted her house arrest, even though she’d tried to evade capture. For his part, Rodríguez had a direct connection to one of the judges presiding over the July 2019 IGSS-Pisa hearing. Jaime Amílcar González Dávila, the president of the Third Chamber, had garnered the third-highest number of votes from the Patriot Party-Líder bloc in congress when it came to the final vote for appellate court judges in 2014, according to local press.

Another magistrate in the Third Chamber, Beyla Estrada, had her own potential conflict of interest in the case. She was married to then-President Jimmy Morales’ communications secretary, Alfredo Brito.

At a time, the Morales administration was doing everything in its power to discredit the international judicial body, the International Commission against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala – CICIG), which had helped lead the IGSS-Pisa investigation.

It was a remarkable turnaround. Just four years earlier, the sweeping arrests of dozens involved in the IGSS-Pisa case had coincided with the start of a golden era in Guatemala’s fight against corruption in which the CICIG helped expose over 80 criminal networks, implicating over 1,000 people, including top government officials and business elites.

And while the CICIG’s joint efforts with the Attorney General’s Office to curb impunity were backed by a vast majority of Guatemalans, its incursions into elite affairs quickly drew backlash from the people it was investigating. This included then-Guatemala President Jimmy Morales (2016-2020), whose political party came under investigation in 2017 for
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allegedly having received illegal campaign contributions from some of Guatemala’s most prominent business elites and whose family was under CICIG investigation for corruption.

With Morales’ presidential immunity under threat, the president declared all-out war on the commission, casting it as a foreign troublemaker and attempting to oust its president and staff from the country. In August 2018, Morales announced the end of CICIG’s mandate, giving the commission one year to pack up and leave. A month later, at the United Nations General Assembly, the president slammed the CICIG, labeling the commission a “threat to peace” and accusing it of sowing “judicial terror” with “selective justice.”

Estrada’s husband was part of this public campaign and was also involved in the president’s backdoor plans to derail the CICIG’s work and its US backing, according to a 2018 investigation by Nómada.

But Estrada did not recuse herself when the court granted house arrest to the president’s brother and son, after both had been investigated and detained by the CICIG for allegedly using government funds to bankroll political events. Nor did she recuse herself when the same chamber granted a close colleague of one of her siblings – himself connected to a corruption scam – house arrest, according to an investigation by Plaza Pública.

“Estrada has shown herself to be a judge of impunity,” said Álvaro Montenegro, a founding member of Guatemalan advocacy group JusticiaYa (Justice Now).

The CICIG would eventually leave the country, but not before many of the cases it had helped successfully prosecute fell in the appellate courts, among them the IGSS-Pisa case.

Off the Hook

From the beginning, the IGSS-Pisa case had been one of the country’s most emblematic and well-chronicled corruption cases. In contrast to many other cases, this one involved some of Guatemala’s most untouchable figures. Prosecutors alleged that their negligence had led to IGSS contracting a company ill-prepared to provide a delicate kidney treatment to vulnerable patients. Dozens who had received the treatment died or became ill. They had been jailed for years awaiting trial. Their convictions in 2018 had sent similar shockwaves through the country.

Yet, as the case wended its way through the upper echelons of the Guatemalan justice system, it largely disappeared from public view. Part of this was fatigue. So many corruption cases had dragged on for years, it was hard to keep track and maintain the public’s attention.
But it was also the system. The Guatemalan judicial system is slow on its own and often bogged down further by legal maneuvers such as injunctions or special petitions to change venues that are designed to break the will of even the most determined prosecutors.

In that way, it was fitting that the following big decisions of the IGSS-Pisa case were announced in nearly empty courtrooms. The first came on July 5, 2019. It was just nine months since the stunning guilty judgment against the defendants.

Among those convicted was Rodríguez, the former president of the executive board of the IGSS. To this day, Rodríguez denies any wrongdoing in the IGSS-Pisa case, telling InSight Crime the executive board’s decision to award Pisa its contract was a “clean process” and that “there was no cure” for the kidney patients that received the company’s treatment. There was also Max Quirin, a prominent coffee producer, who was on that board at the time, and Otto Molina Stalling, an IGSS advisor who prosecutors claimed had openly spoken with a Pisa representative to arrange for the bribe that prosecutors said had led to the IGSS contract. Each had been sentenced to six-plus years in prison.

On this day, however, there were no prosecutors in attendance; no victims or relatives of victims, and few press. Instead, there was a just smattering of attendees gathered in a stuffy room, a wooden fence separating the audience from a raised platform where the trio of judges sat overlooking the courtroom, the court’s president González Dávila flanked by Estrada and one other colleague, a solitary Guatemalan flag draped behind them. A small group of defendants – minus Rodríguez, who was in jail pending additional charges – were ushered in and seated.

The verdict was unanimous.

In the eyes of the court, Rodríguez and his executive board – originally convicted of fraud – had acted in line with their functions when approving Pisa’s contract. Any mistakes made in the bidding process could be chalked up to administrative errors, not criminal intent.

According to the Third Chamber, there was also no evidence that Rodríguez and the executive board had acted deceitfully when approving Pisa’s contract – a prerequisite for proving fraud under the Guatemala criminal code. This came as a relief for members of the executive board and their lawyers, who had played down any anomalies in the process of awarding Pisa its contract from the start.

It did not matter that IGSS had handed Pisa its contract even after the company had, according to the Attorney General’s Office, violated the conditions of the tender when it signed a subcontracting agreement with a separate company to provide the clinics and staff required for the treatment. Nor did it matter that Pisa did not appear to have any experience in providing the treatment.
In a letter to InSight Crime prior to publication of this series, Pisa strongly disputed this contention. It noted its over 20-year history in Guatemala, during which it said it had acted with “transparency, quality and expertise in the pharmaceutical industry without receiving any sanction or judgment, including in the case you reference in your communication.”

As it was in the lower courts, the presiding judges made no mention of the heavy human toll. Instead, they framed the incident as an administrative glitch.

“There were no anomalies in the provision of service,” former executive board member Max Quirin told InSight Crime, echoing the appellate court verdict. “If we made a mistake, it was an administrative one, not a criminal offense.”

Molina Stalling was also in the clear. The court overturned his conviction while making no mention of the alleged bribe that he had been convicted for in the first place.

Again, the judges homed in on administrative details. As an IGSS advisor, Molina Stalling did not qualify as a fully-fledged public official, meaning he could not be judged for negotiating bribes on behalf of the state, the Third Chamber ruled.

The ruling was contentious, considering Molina Stalling was reportedly paid around $4,000 per month while on the roster of IGSS advisors. Those advisors had been hired by the former IGSS president, Juan de Dios Rodríguez. What’s more, his own phone conversations showed he was in frequent contact with IGSS officials in the days and weeks before Pisa was awarded its contract.

**One Last Court**

In July 2019, just months before the CICIG left the country, it issued a report on the postulation commissions. Its main argument was that outside actors had skewed the process of selecting high court judges and other judicial officials. It was an appropriate bookend to the CICIG’s time in Guatemala: One of the first reports the CICIG had ever done was also about the postulation commissions.

In between, the CICIG had helped build cases against what it called the “clientelist system,” undermining the rule of law in Guatemala. It called the cases the “Parallel Commissions.” In the second rollout of charges against people it said had illegally subverted the 2014 selection process, the investigators detailed the numerous office meetings, breakfasts and dinners the potential Supreme Court candidates had with political operators.

Two names of magistrates that came up repeatedly for the 2014 selection of Supreme Court justices were Josué Felipe Baquía and José Antonio Pineda Barales. Investigators said they were among those who had met with Rodriguez’s network of operatives, including Manuel Baldizón, the
aforementioned presidential candidate. Baldizón later identified the two as part of what he told investigators were his “preselected candidates.”

Investigators noted that the congressional vote that later put Pineda Barales and Baquiax on the court took just over an hour. Throughout, party leaders from Rodríguez’s Patriot Party were in constant communication with their deputies about the vote, ensuring their own preselected candidates were also going to populate the country’s highest judicial body.

So it was perhaps with a touch of fatalism that the Attorney General’s Office appealed the Third Chamber’s ruling to overturn the IGSS-Pisa case with the Supreme Court. The case landed with the Criminal Chamber, previously headed by Molina Stalling’s mother, Blanca Stalling. But now, it was led by Pineda Barales and Baquiax.

More recently, the two had also been linked to the next generation of court operators. In June 2021, the Attorney General’s Office requested that both judges have their immunity stripped for possibly abusing their positions on the postulation commission for the appellate court. But the allegations did not stop them from presiding over the IGSS-Pisa case just months later.

This time around, there was no public hearing. Rather, in mid-October, defense lawyers received word the Supreme Court had upheld the ruling, arguing there were no errors in the Third Chamber’s interpretation of the law.

Though declared innocent in the IGSS-Pisa case, Rodríguez is still awaiting trial in other corruption suits, currently from a cell in a notorious Guatemala City prison housing the country’s most infamous white-collar criminals. There, Rodríguez has become an evangelical pastor, shacked up in a small but comfortable apartment adorned with religious slogans. He now runs a nightly sermon in a deluxe chapel within the jail, fully equipped with a wooden altar, electric guitars, drums and amplifiers, as well as stony decor. When InSight Crime visited Rodríguez in November 2021, he said his six years in jail had been a “blessing” that had given purpose to his life and allowed him to devote himself to religion.

As for Otto Molina Stalling and his mother Blanca, both escaped more jail time on the Third Chamber’s order. But their legal troubles are not over. The US State Department sanctioned both for their alleged involvement in serious corruption. Blanca Stalling is still awaiting trial in an obstruction of
justice case that has stalled for over four years.

There is no definitive count of how many patients died between Pisa taking over the treatment and the time it took for the case to go through the courts. Some tallies made by the local press and a leader of the affected families consulted by InSight Crime estimate over 60 deaths. Many of these were gruesome and painful, with one victim losing all of their teeth and another going deaf before ultimately succumbing to their illness. Almost all those who lost their lives also left behind distraught relatives who have slowly tried to rebuild their lives.

For its part, Pisa, the company at the center of the case, has emerged practically unscathed. It was originally ordered to pay around $400,000 in reparations to the victims and their families. Still, the Third Chamber’s ruling absolved the company of any civil responsibility in the case, including compensation. To be sure, Pisa faces no legal liability for the deaths.

In its letter to InSight Crime, the company proudly stated that it “never stopped working during the legal investigations, and never fired anyone connected to the case, given that it always believed in the quality of its services and the Guatemalan justice system.”

Pisa is also winning state contracts. In 2021, the company has reportedly won over $1.8 million in state contracts. One of its main clients is IGSS.
**The Organization**

**InSight Crime** is a think tank dedicated to the study of the principal threat to national and citizen security in Latin America and the Caribbean: organized crime.

We fulfill this mission by:

- providing high quality and timely analysis of news events linked to organized crime in the region;

- investigating and writing reports on organized crime and its multiple manifestations, including its impact on human rights, governance, drug policy and other social, economic and political issues;

- giving workshops to journalists, academics and non-governmental organizations on how to cover this important issue and keep themselves, their sources and their material safe;

- supporting local investigators through these workshops and by publishing, translating and promoting their work to reach the widest possible audience;

- developing a region-wide network of investigators looking at organized crime;

- presenting in public and closed-door sessions to governments, non-governmental organizations, academics and stakeholders on best practices, strategies and pitfalls in implementing citizen security policy on the ground.

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