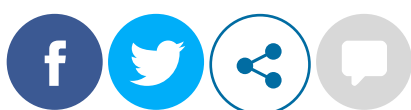


NEWS

LATIN AMERICA

New Chilean corruption scandal ensnares Pinochet's son-in-law

Tax auditors suspect firm's false billing scheme was an illegal political financing operation



ROCÍO MONTES

Santiago De Chile - 06 ABR 2015 - 16:32 CEST



Michelle Bachelet speaks with former President Sebastián Piñera. EFE

Chile's worst political crisis in decades has grown even more complex following the filing of tax fraud charges last week against representatives of a giant conglomerate run by the son-in-law of the late former dictator Augusto Pinochet.

Investigators believe a false-invoicing conspiracy that took place at the [Soquimich \(SQM\) mining and chemical](#) company was part of a wider illegal political campaign financing scheme that could have

generated as much as \$6.9 million over the years.

It is another in a string of high-profile corruption investigations that have rocked the country.

President Bachelet's son and daughter-in-law are also under investigation over a questionable land deal

Prosecutors are already investigating the [son and daughter-in-law of President Michelle Bachelet](#) in an influence-peddling case involving the \$10-million-dollar sale of a tract of land.

In another inquiry, two powerful businessmen connected to a right-wing party are sitting in jail after a judge on March 7 ordered them held in preventive custody on [alleged tax evasion charges](#).

And Chilean society was shaken again on Thursday after inspectors from the SII tax collection agency filed a complaint with prosecutors against representatives of Soquimich, whose chairman and director is Pinochet's son-in-law, [Julio Ponce Lerou](#).

Inspectors also gave prosecutors a list of names that includes politicians, family members of lawmakers, government officials and leaders from different political parties who allegedly issued false invoices for the company between 2009 and 2013.

The allegations are based on 846 false tax filing documents presented by Soquimich.

At least five people invoiced the company for work they never performed, while three taxpayers filed documents in Soquimich's name even though they were employed by another company.

Auditors have also discovered that 144 people filed "presumed false" documents for fees while 24 companies or firms issued bills in Soquimich's name but without any supporting documents.

Even though Soquimich is a huge company involved in mining and fertilizers that outsources services and work, most of the suspect bills and invoices tax inspectors have uncovered are linked to politicians and their families, party officials and current and past government workers.

For example, there are millions of dollars of invoices filed with Soquimich in the names of the young sons and daughters of politicians and candidates for public office. Retirees who have no dealings with the firm also appear in the billing records.

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Officials from both the current Bachelet administration and the previous government of President Sebastián Piñera (2010-2014) are also suspects.

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One company on the list, La Clínica Services, was contracted by Bachelet for her 2013 re-election campaign but government officials maintain that this particular invoice is not part of the SII inquiry and was approved by the state elections body.

Names of retirees who have no dealings with the conglomerate also appear in the invoices

The Soquimich scandal comes at a time when Chileans have been taken aback by the influence-peddling investigation involving Bachelet's son Sebastián Dávalos, and his wife, Natalia Compagnon, who allegedly obtained privileged information during Bachelet's 2013 campaign for a \$10 million land deal.

The country's attention has also been focused on the judicial tax-evasion inquiry into the [Penta Group](#), in which two powerful businessmen connected to the right-wing Independent Democratic Union (UDI) party were placed in preventive custody last month.

Ponce Lerou, Pinochet's son-in-law and a forest engineer, reportedly took advantage of his family's position to establish his business interests during the dictatorship, which lasted from 1973 to 1990.

"His public position and family connections helped him consolidate his prosperous economic standing," according to the book [El saqueo de los grupos económicos al Estado chileno](#) (The ransacking of the Chilean state by economic groups) by journalist María Olivia Mönckeberg.

Ponce Lerou's family connections helped him consolidate his prosperous economic standing" Journalist María Olivia Monckeberg

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While many Chileans find it inconceivable that center-left politicians may have benefited from Ponce Lerou, President Bachelet has asked the public to remain calm until the inquiry is over.

During a stopover in north Chile to inspect devastating flood damage caused by torrential rains, the president asked citizens not to destroy "the reputations of people who perhaps never did anything."

"Let the investigation continue and, if anything is discovered, then maybe the persons involved have a clear explanation. So, why should there be any public lynching before we know what is going on?" she

asked.

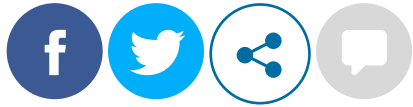
Bachelet is facing her worst political crisis since she took office for a second term last year. According to a recent [Adimark poll](#), the Socialist leader's approval rating has dropped eight points from a month ago and stands at 31 percent.

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