



# Peruvian judiciary confiscates Luxembourg account of Montesinos' arms dealer

12. Nov 2018

The Basel Institute on Governance congratulates the Peruvian judiciary in confiscating a Luxembourg bank account belonging to James Stone Cohen, the former arms dealer of convicted Peruvian politician Vladimiro Montesinos. The International Centre for Asset Recovery (ICAR), working through the [Basel Institute's country office in Peru](#), is proud to have assisted with the process.

The USD 1.5 million have been frozen since 2001, when Swiss prosecutor Cornelia Cova seized three bank accounts belonging to Stone in the context of a Swiss money laundering investigation and proactively sent information to Peru to support criminal proceedings against him.

The story goes back to the era of disgraced former President Alberto Fujimori and his Chief of Intelligence Vladimiro Montesinos, who embezzled hundreds of millions of dollars through fraudulent contracts supposedly intended to purchase warplanes and weapons from Israel, Russia and Belarus. Stone accepted responsibility in court for his intermediary role in arranging deals with the foreign arms companies and for setting up dozens of offshore structures and bank accounts for his corrupt partners. As part of a negotiated effective collaboration agreement in 2005 (plea bargaining), he was sentenced to four years of suspended imprisonment and required to pay civil reparation to Peru and return the illicitly acquired assets.

Although USD 18 million were recovered from two confiscated Swiss bank accounts in execution of the effective collaboration agreement, confiscation of the Luxembourg account remained pending due to legal wrangling and attempts to void the effective collaboration agreement. After efforts to recover the assets through non-conviction based asset forfeiture – an innovative mechanism that led to [successful asset recovery in related cases in 2017](#) – ICAR experts worked with the competent judge and prosecutors to facilitate the return of the assets based on the original 2005 ruling.

Before the assets can finally be returned, the Peruvian confiscation order needs to be executed in Luxembourg through a special proceeding called *exequatur*. ICAR will support this endeavour based on lessons learned from the confiscation in 2017 of USD 15 million from a Luxembourg bank account belonging

to Montesinos himself. The exequatur in this case was the first in the history of both Peru and Luxembourg, taking place without a Mutual Legal Assistance treaty but based on the MLA provisions in the [United Nations Convention Against Corruption](#).

For an up-to-date insight into the ground-breaking efforts of the Peruvian authorities to fight impunity and recover illicit assets, see the recent book chapter (in Spanish) by Óscar Solórzano entitled [La recuperación de activos de la corrupción en Perú](#). Óscar Solórzano is a Senior Asset Recovery Specialist and Country Manager for Peru at the Basel Institute on Governance.

Basel Institute on Governance - Steinenring 60 - 4051 Basel - Phone: +41 61 205 55 11 - Fax: +41 61 205 55 19 - [info@baselgovernance.org](mailto:info@baselgovernance.org)

[Terms of use](#)

[Privacy statement](#)