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Argentine Judge Receives Information on Swiss Bank Accounts in IBM Scandal

by LADB Staff

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Swiss authorities on March 22 agreed to turn over to an Argentine federal judge information on several accounts allegedly containing bribes paid by US-based IBM to secure a lucrative contract with the Argentine Banco Nacion. The case, which has been unfolding for more than a year, is the biggest corruption scandal to hit the Argentine government since President Carlos Saul Menem took office in 1989. Most of the implicated IBM executives and bank officials have close ties to former economy minister Domingo Cavallo and President Carlos Saul Menem's Chief of Staff Alberto Kohan (see NotiSur, 02/16/96, 11/01/96, 07/18/97).

In 1994, the Banco Nacion awarded a contract to IBM to computerize 525 branch offices for US\$250 million, and IBM subcontracted the Argentine firm Capacitacion y Computacion Rural (CCR), a small firm with no infrastructure and only one employee, to provide a backup system for US\$37 million. Federal Judge Adolfo Bagnasco heads the criminal investigation of 11 former Banco Nacion, IBM Argentina, and government officials who may have been involved in the alleged fraud.

At the heart of the probe are the payments made to CCR, which Bagnasco believes were used to funnel illegal payments to IBM and bank officials. Bagnasco has already prosecuted former bank officers Aldo and Mario Dadone; former IBM officials Ricardo Martorana and Gustavo Soriani; and Juan Carlos Cattaneo, owner of CCR. The judge has asked US authorities for information on a Citicorp account in New York into which money from CCR was transferred, and last year Bagnasco asked Interpol for information on the four IBM executives in the US who refused to testify in Argentina. He said recently he is considering requesting an international arrest warrant for the executives.

Bagnasco has accused US authorities of dragging their feet in the investigation. Other IBM Argentina contracts are the subject of probes by other Argentine judges as well. After the Banco Nacion scandal blew up, IBM denied any wrongdoing but fired top local executives and admitted errors "inconsistent with company policy." Swiss agree to life bank secrecy On March 2, Switzerland's Federal Police Office said it has turned over to the Argentine Embassy in Berne "documents obtained in Geneva via a request for legal assistance."

The documents include transcripts of interviews with people linked to the case, the office said. Switzerland's Federal Court last month rejected motions asking that the documents not be released. A spokesman for the office said Swiss authorities had frozen US\$3.6 million linked to the probe, less than half of the \$8 million in suspected bribe money that authorities say was transferred to two Geneva banks. The rest was transferred to accounts in Belgium and so far the names on the accounts are not known.

The Argentine periodical Pagina 12 said Swiss Judge Michel Graber confirmed that former bank directors Alfredo Aldaco and Genaro Contarese, and the former vice president of the Banco de Inversion y Comercio Exterior (BICE), Jorge Antonio Aladio, are owners of four of the five Swiss accounts. Aldaco is a career diplomat. He was undersecretary to Cavallo and, in 1991, became director of Banco Nacion. Contarese was also a bank officer with a close relationship to Kohan. Aladio was vice president of the BICE.

IBM's president for Latin America, Elio Catania, said on March 2 that the company would respect the decision of the Argentine courts regarding the process against its former employees. IBM and Banco Nacion sign new contract Banco Nacion canceled the IBM contract in 1996, and sued IBM for US\$174 million, accusing the company of failing to meet deadlines. IBM countersued for US \$86 million, alleging wrongful withdrawal of the contract, but both sides agreed to an out-of-court settlement last October. IBM agreed to provide US\$82 million in equipment the bank had already paid for.

By backing out of the agreement, IBM admitted irregularities in the contract it signed with the bank in 1993, according to the Buenos Aires newspaper Clarin. On March 4, the Argentine general accounting office approved a new contract signed in 1997 between IBM and Banco Nacion for computerizing the bank's branch offices. The amount of the contract was US\$160 million, US\$90 less than the previous contract. Also on March 4, a grenade was found outside the home of Adriana Scoccia, an aide to Judge Bagnasco. Scoccia, Bagnasco's legal secretary, is part of the delegation traveling to Switzerland next week to receive the information on the bank accounts from Swiss authorities.

Bagnasco said an anonymous caller told Scoccia the grenade was a warning to drop the investigation. "In the phone call they said we should stop investigating ...the IBM-Banco Nacion case," Bagnasco said. "The caller said next time the grenade would be put in her mouth." Bagnasco vowed the threats will not affect his probe. He will ask the Swiss government to give the money from the suspect accounts to the Argentine judiciary until the investigation is complete. The money could eventually be returned to the state. Bagnasco and his aides will also visit Belgium to request that authorities release information on the accounts there. [Sources: Reuter, 10/08/97, 02/25/98, 03/02/98; Buenos Aires Herald (Argentina), 03/02/98; Spanish news service EFE, 11/10/97, 02/26/98, 03/02/98, 03/04/98; Clarin (Argentina), Notimex, 02/27/98, 03/04/98]

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