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Argentine Judge Orders Arrest of IBM Executives in U.S.

by LADB Staff

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In the latest chapter in the Argentine scandal involving US-based computer giant IBM, Judge Adolfo Bagnasco issued arrest warrants for four present or former US executives of the company. The judge signed the warrants nearly a month after two former directors of the Argentine Banco Nacion admitted having Swiss bank accounts containing cash they said they received for help in ensuring that a huge contract went to IBM Argentina. The IBM scandal is one of Argentina's largest corruption cases in recent years (see NotiSur, 02/16/96, 07/18/97, 03/06/98).

Judge Bagnasco is investigating the payment of millions of dollars in kickbacks to Argentine IBM executives and Banco Nacion officers in return for the lucrative contract to install new computer equipment in the bank's 525 branch offices. Last year, ten former IBM Argentina and Banco Nacion officials were charged with bribery in the case.

Former bank officers Alfredo Aldaco and Gerardo Contartese have confessed that they deposited money paid them in Swiss accounts. Contartese said he received US\$1.5 million and Aldaco said he received US\$2.5 million. But investigators are still trying to determine other recipients of as much as US\$37 million in kickbacks.

Two former IBM-Argentina executives, Gustavo Soriani and Ricardo Martorana, insisted they had nothing to do with the bribe, but said executives from the New York home office oversaw all details of the Banco Nacion contract.

Executives and US Justice Department stall

The four US executives have repeatedly refused to testify in Argentina in the case. Earlier the judge had set a May 31 deadline for compliance with the court's request to appear voluntarily. When the deadline passed, Bagnasco issued an international arrest order and extradition request for Marcio Kaiser, Robeli Jose de Libero, Steven Lew, and Peter Rowley. All worked in the NY headquarters when the contract was awarded. Kaiser and Libero have since left IBM.

Bagnasco's office said it understands two of the men now reside in Brazil, while the other two are in New York. "To dispel any doubts, I believe it is worth repeating that the four have been summoned to give testimony as suspects, not as witnesses," Bagnasco said. The New York office of IBM said that the four "did not plan to travel to Argentina." Fred McNeese, spokesperson for the Armonk, NY-based company, said on June 2 that IBM had not received official notification that Bagnasco's order had been signed.

But he repeated previous IBM statements that the four are willing to testify in the US under terms of a bilateral treaty. Under the Treaty of Mutual Legal Assistance signed between Argentina and the US, the four could testify under oath before a US judge, without having to appear before an Argentine court. "Their sworn declaration in the US would not do, it would be useless," said

Bagnasco. "It has to be done in conformity with Argentine law. The crime was committed in Argentina, Argentine laws were violated, and the judge hearing the case is an Argentine judge."

The US Justice Department expressed "concern" about the arrest orders, and asked for "sufficient proof of criminal activity" by the four. Judge Bagnasco responded that to obtain such proof, first it is necessary to hear their testimony. "There are three possibilities: that the four had been deceived, or that they acted with negligence in which case they would have committed no crime or that they are accomplices," said Bagnasco.

US decries Argentine corruption

Meanwhile, in a symposium on civic-military relations in Buenos Aires in late April, US State Department official Thomas McNamara said corruption, both among officials and in the private sector, "destroys democracy faster and more unerringly than the worst military dictatorship." Jeffrey Davidow, assistant secretary of state for inter- American affairs, said greater future success awaits the nations with transparent legal systems.

Davidow said Argentina was losing its battle against corruption, but did not mention the IBM case involving US citizens. Whatever the outcome, US penal law includes punishment for executives from transnational companies who pay bribes to get a contract, even beyond national borders. [Source: Inter Press Service, 04/30/98; Reuters, 05/05/98, 05/07/98, 05/29/98; Spanish news service EFE, 04/30/98, 05/29/98, 06/03/98; Clarin (Argentina), 06/03/98; Associated Press, 04/29/98, 06/02/98, 06/04/98]

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